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A History of Banking in Illinois

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Francis Murray Huston

Financing an Empire

History of Banking in Illinois

By FRANCIS MURRAY HUSTON

ANDREW RUSSEL
SUPERVISING EDITOR

VOLUME I

ILLUSTRATED

H-S
V.N.

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BY
FRANCIS MURRAY HUSTON

ENG BY HENRY TAYLOR JR

CHICAGO

Andrew Russel

AUTHOR'S PREFACE

In the preparation of this work the author has had constantly before him the twofold function of a historian, namely, the recording of events and analysing their proportionate significance to the subject he is treating. In some instances it has been found necessary to sacrifice chronolgy in order that the manifold factors in the banking development of Illinois might be shown in a more logical relation, but on the whole the historical order in which events occurred has been adhered to in telling the story.

381968

The author, too, has been confronted at almost every step with the realization that the record of the growth of Illinois' banking structure cannot be isolated and divorced from the struggle toward sound banking that has characterized the trend of economic history of the entire country. For this reason, many subjects of paramount importance to the state, have of necessity been treated from a national viewpoint, and their application to Illinois has perforce been secondary.

Obligations almost too numerous for specific acknowledgment have been incurred in the preparation of this volume. Omission to mention many individuals who have been helpful is due rather to lack of space than to any desire to minimize the value of the assistance they have given.

The first to be mentioned is the Supervising Editor, Andrew Russel, for his helpful coöperation throughout the preparation of the work. To General Charles G. Dawes, Vice President of the United States, William A. Heath, Chairman, and James B. McDougal, Governor, of the Federal Reserve Bank of Chicago are due expressions of sincerest thanks for their friendly and helpful attitude. Among the many bankers and others of Chicago who have given of themselves most generously are John J. Mitchell, A. W. Harris, F. H. Rawson, LeRoy A. Goddard, George M. Reynolds, Harry A. Wheeler, William R. Dawes, F. W. Leach, S. T. Kiddoo, Guy Huston, C. E. Estes, Frederick M. Wilk, B. A. Eckhart, E. N. Baty, and A. S. Badger.

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For the many interesting illustrations included in the volume the author acknowledges his indebtedness to the Chicago Historical Society, the Central Trust Company of Illinois, the Northern Trust Company, and the First National Bank of Chicago. To F. G. Duffield, of Baltimore, is due the credit for securing the old paper currency reproduced herewith. D. C. Wismer of Hatfield, Pa., and Waldo C. Moore of Lewisburg, Ohio, have supplied the more valuable of these notes.

Material for the text was secured in large part through the splendid coöperation of Robert J. Usher of the John Crerar Library; the Chicago Tribune Library; Miss Ruth G. Nichols, Librarian of the Federal Reserve Bank of Chicago; the Chicago Historical Library and the Continental and Commercial Bank Library of Chicago.

This acknowledgment would be incomplete without an expression of the author's deep obligation to Miss Margaret Grobben and Harris G. Pett, both of whom have contributed valuable assistance in this endeavor to give Illinois an authentic history of banking.

FRANCIS MURRAY HUSTON.

April 28, 1926.

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From The Geography of Illinois by D. C. Ridgley.
Courtesy University of Chicago Press

POPULATION DENSITY IN SUCCESSIVE YEARS

This series of maps shows the steady and rapid growth of Illinois in population for more than a century. The 1910 map is drawn on county lines while previous maps show regions of population without reference to county lines.

INTRODUCTION

Geography and economics have played a vital part in the development of the Illinois we know today. Her greatness is largely the result of a strategic location between the Great Lakes and the Mississippi River, thereby placing her in the path of early exploration as well as in a position to receive the full tide of emigration from New England and the Middle Atlantic states, and enabling Chicago later to play her major role as the market place for the exchange of eastern and western wares. On the south and east, the Ohio and the Wabash were natural highways which carried the emigrants from the more settled states, while the Mississippi brought many northward from New Orleans.

Illinois, with a land area of roughly 56,000 square miles, has boundaries totaling in length nearly 1,400 miles, some thousand of which—or seventy-five per cent—are natural water frontiers comprising Lake Michigan, the Mississippi, the Ohio, and the Wabash, while only 400 miles are arbitrary lines drawn by our forbears when the "Illinois Country" became a state in 1818. From geologic developments, especially the glacial epochs, the state derived her prairies with well-drained soil admirably adapted to agriculture. Timber with which the pioneer built his houses and fences generously interspersed the level prairies; wild game in abundance furnished the impetus for early trade in furs and constituted, too, an important factor in feeding the populace until agriculture gained its foothold as the essential interest of the settlers.

The pioneers from the south and southwest were hunters rather than tillers of the soil. In the southern part of the state they found abundant woodland, so that settlements were confined largely to the forests and along wooded banks of streams. This preference for forested land, the outgrowth mainly of unfamiliarity with conditions of prairie life, for many years kept the balance of population southward, leaving the northern part of the state relatively unoccupied. (See figure 1) The expense and difficulty of reaching Illinois from the eastern seaboard was also a factor in delaying settlement of the

northern portions. The rapid development of steam navigation on the Mississippi and Illinois rivers in the late twenties facilitated the northward movement of settlers, and when a few years later steamboats in large numbers plied the Great Lakes, emigrants from New England and the Middle Atlantic states awoke to the possibilities of utilizing the Erie Canal to Buffalo (opened in 1825) and thence to more westward lake ports by steam. In 1845 steam vessels carried 97,736 passengers from Buffalo, over 20,000 of whom landed at Chicago, then as now the gateway to northern Illinois. From "a dirty village of twenty hamlets" in 1834, Chicago became a town of 4,479 in 1840 and of 28,269 in 1850.

The movement of settlers from New England and the Middle Atlantic states was influenced greatly by factors outside Illinois. A shift in economic conditions was taking place in the east. Shipping as a New England industry was dwindling in importance, and the rising tide of emigration from Europe was displacing many native workers in New England mills and factories with foreign labor. The difficulties of agriculture on the rocky hills made the open prairies of Illinois and other western states a haven of refuge for the farmer. The lowlands were occupied and sheep and cattle raising had replaced agriculture extensively in the upland back country, so that many eastern farmers sold their holdings to stock growers and moved west. The panic of 1837, in addition to crop failures, augmented the widespread discontent. Letters home from early settlers enthusiastically described western lands, and tens of thousands began life anew in Illinois.

In central Illinois this New England element in the population, entering the state through Chicago and pushing southward along the Illinois, met the pioneers from the southern states; the latter, arriving first, had followed the woodland streams, while geographic conditions naturally brought the northern settlers into the region. Ere long, the northerners outstripped the earlier pioneers in number, largely because of the development of lake navigation. These sons of New England and the Yankees were in general better equipped financially and endowed with greater energy and other pioneering qualities, fostered probably by rigorous years wresting a livelihood from the grudging hills of New England. It is not strange, then, that Illinois rapidly took on the characteristics of a distinctly northern community.

Until the coming of the railroads, the canals and waterways were

responsible for most of the transportation in Illinois. As already pointed out, three rivers and Lake Michigan compose the major portion of her boundaries, while for the pioneers the Illinois was a great inland waterway between the Mississippi and Lake Michigan. The development of the steamboat was significant in the economic history of the early years. From 1835 to 1855 the steam driven vessel was supreme on the Illinois, and on the Mississippi it held a dominant place over approximately the same period. In 1811 the first steamboat plied the Ohio and Shawneetown near its junction with the Wabash owed its early importance to river commerce, being for many years the leading city in eastern Illinois.

Throughout the United States the years from 1816 to 1837 were devoted to internal improvements, a large part of which took the form of canal construction. Illinois' outstanding contribution to the country-wide craze for canals was the Illinois-Michigan, opened in 1848 after years of struggle and labor. In length over 100 miles, it extended, and still does, though now an almost forgotten ditch, from Peru and LaSalle on the Illinois to the South Branch of the Chicago River. In this waterway was realized the dream of Joliet voiced in 1673, to connect the waters of Lake Michigan with the Mississippi.

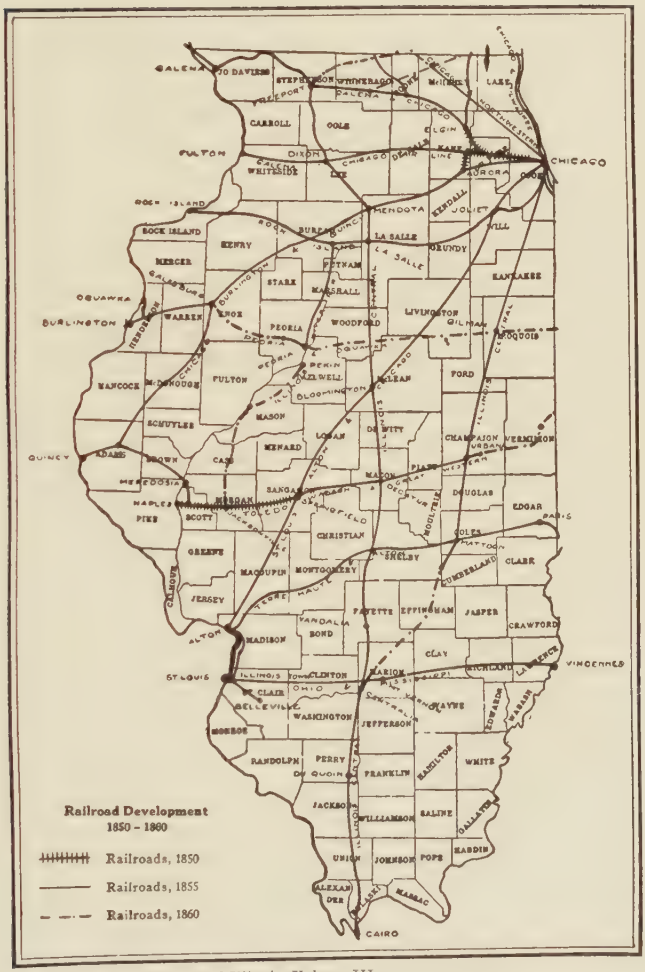
The effects of the canal were immediate and manifold, influencing to a high degree the development of the entire country it traversed. New markets were opened to the farmers of central Illinois, but more signficant still in the economic life of the state was the fact that with the canal's opening, farmers were afforded a choice of markets, St. Louis to the south via the Illinois and Mississippi, or through the canal to Chicago. The prices offered for produce thus became the controlling factor in the movement of trade. For three years following the opening of the canal, the higher prices prevailing in St. Louis brought most of the grain, meat, and flour to that city, but thereafter the movement was toward Chicago, which in the early fifties became the greatest grain and lumber market in the world. The canal facilitated markedly the movement of lumber, particularly pine and cedar from the forests of Michigan and Wisconsin, practically all of that destined for the prairie country passing through Chicago and the Illinois-Michigan canal, instead of moving by wagon in limited quantities as in the earlier years. Salt, agricultural implements, and general merchandise constituted the other main components of the canal's traffic. The population of Chicago increased

from 16,859 in 1847 to 60,652 in 1853. Despite the gradual elimination of water-borne commerce after 1850 by the expansion of railroads, the Illinois-Michigan canal was no inconsiderable carrier until the eighties, since when its usefulness has dwindled to almost nothing.

The railroads pushing westward from Chicago brought settlers into the prairies, hitherto avoided because of the yet unsolved problems of transportation and markets. During the decade from 1850 to 1860 mileage in Illinois grew from 110 to 2,867, a greater volume of construction than in any other state during the same period, and surpassing by far that of Michigan, Wisconsin, and Iowa combined. Here again geography and geology favored Illinois; topography rendered railroad building easy and rapid, for lines could be put through in almost any direction on the level surface of the upland prairies, without encountering serious natural handicaps. By 1854 seventy-four trains a day served the Upper Mississippi and the whole Northwest.

Chicago, by virtue of her location at the lower end of Lake Michigan where nature forced the railroads from the west and northwest to converge, was thus early destined to become a great railroad center. The country tributary to the city extends in several directions with no natural barriers; the Great Lakes afford a cheap route east for midwestern produce, thereby encouraging railroads to build to Lake Michigan in order to supplement the natural waterway in the carrying trade between the east and the west. By 1856, thirteen roads with 104 trains each day connected Chicago with the Mississippi at Galena, Rock Island, Quincy, Alton, Cairo, and St. Louis. In the southern part of the state railroad construction was complicated by rival enterprises for eastern extensions from St. Louis and Alton. In the latter part of the decade (1850-1860) two lateral lines were completed, both of which favored St. Louis at the expense of Alton. The completion of the Ohio and Mississippi from Illinoistown (now East St. Louis) to Vincennes in 1855, and to Cincinnati two years later, was especially advantageous to St. Louis.

The Illinois Central, first of the land grant railroads, received some 2,500,000 acres of public land in Illinois from the Federal government to encourage settlement, and to foster the sale of other public land then unsalable because of poor transportation and consequent inability to market produce. The construction of this road served to connect LaSalle, the western end of the Illinois-Michigan



(From Centennial History of Illinois, Volume III.
Courtesy of Illinois Centennial Commission)

MAP SHOWING RAILROAD DEVELOPMENT IN ILLINOIS

canal, with Cairo at the southern extremity of the state, thus tying the more fertile agricultural areas to the north to those less favored in the southern counties.

The influence of Illinois' foremost industry, agriculture, extends to nearly every phase of her economic life. Favorable soil, temperate climate, and a population drawn largely from races readily adaptable to agricultural pursuits, combined with transportation facilities to carry her produce to far distant markets, have brought the state to her prime position in agriculture. The agricultural implement industry has developed in response to the needs of the farmers for machinery of the latest and most efficient type. The great packing industry of Chicago and other Illinois cities owes its existence and growth to the location of the state in a region suitable to large-scale production of hogs, cattle, and sheep, in conjunction with corn and other livestock food. The farms of this state furnish a large portion of the raw materials for Illinois factories and her dairy interests supply vast quantities of milk, cream, butter, and cheese for the large numbers of city dwellers in Chicago and other industrial centers.

Illinois' manufacturing activities have been developed in little more than a century to cover an amazingly wide range of products, and include about 120 different lines of industry. Most of these are represented in Chicago alone, twenty-five of them to an outstanding degree, including meat packing with its by-products, iron and steel, printing and publishing, agricultural implements, railway cars, and others of lesser magnitude. Many Illinois cities have become famous for their particular products, as Peoria for her distilleries, Joliet and South Chicago for steel, Elgin for watches, Quincy in the production of stoves and furnaces, and Rockford for a diversity of manufacturing.

The coal deposits of Illinois, first discovered by Father Hennepin near Ottawa, LaSalle County, in 1679, have been a vital factor in her industrial development. Mined for commerce for the first time in 1810 production has risen steadily through the years, and now Illinois ranks high among coal producing states. Natural gas and petroleum are also important factors in Illinois history; the production of the latter was negligible until 1905, when output increased by leaps and bounds for the five succeeding years. Recently a decline has taken place but advances in studies of the state's underlying rock structure have caused many to believe that further development of the oil industry is a possibility.

Owing to the discovery of lead in that region, the northwest corner

of the state was settled earlier than any other portion of the area lying between the Illinois and the Mississippi. Galena, near where these deposits as well as some zinc were located, attained an early importance far in excess of that enjoyed by the struggling village of Chicago. Zinc is now the more important of the two metals in point of production, though in the early days lead took precedence. While the zinc output is small, the coal resources of Illinois have given rise to many zinc smelters at various points readily accessible to coal fields, so that the state is among the leaders in zinc smelting.

It is fitting, then, that this work should be called "Financing an Empire," for Illinois is nothing less than that. The foresight and ability of her financiers and empire builders have made possible the utilization of natural resources of unparalleled abundance; these qualities have aided in the development of the state's complex manufacturing industries; they have built her railroads that she might send the fruits of her industries to all parts of the world. A history of the hopes, courageous struggles, defeats, and the triumphs over seemingly insurmountable obstacles of these leaders of expansion and progress, these financial custodians of the state's well being, must indeed be of interest to every citizen of our commonwealth.

CHAPTER I

PRE-BANKING DAYS

Four banking periods—Financial transactions with Indians—La Salle—Starved Rock, the first trading post in Illinois—Fort St. Louis, the first permanent village—Destruction of trading started by La Salle—Mississippi bubble—First big business venture—Land speculation.

Illinois' financial history divides itself naturally into four periods or epochs, although technically, the first of these, primitive trading with the Indians, contained little that could be called banking. This barter and exchange was so crude that about the only banking element lay in the financing of those early traders and commercial emissaries whose courage and love for adventure led expeditions into the great wilderness to exchange food, clothing, firearms, ammunition, and trinkets for furs to send back to Spain, France, and England for conversion into garments. Necessarily some funds and more credit were required to finance these explorations and trading expeditions and, while credit and money were provided through the banking institutions existing in Europe and in the older settlements in America, yet no history of banking in Illinois could be complete without some reference to the pioneer days of marketing these native products of the middle west.

We are concerned in this financial history with the origin of these aborigines only insofar as they have a bearing on subsequent developments. In these early periods the trading carried on between men and between Indian tribes was limited to a barter and trade exchange of the unnecessary things for those more useful for individual purposes.

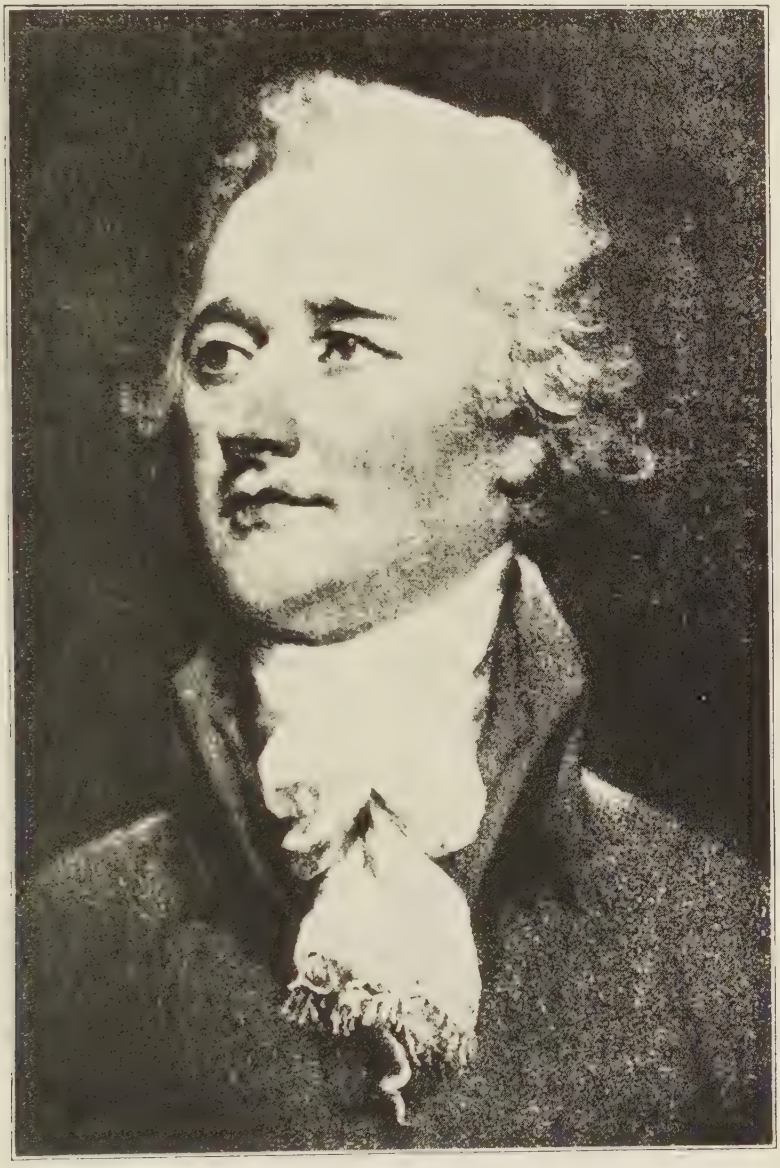
Not until the definite settlement of Europeans on American soil did the real need come for something more than the crude tribal barter, and trade methods began to develop. While Columbus opened the way for a world-wide commerce, it required the efforts of those who followed and who took up the burden of economic struggle in the New World, to disclose that beyond the landing place of Columbus in 1492, lay not the Indies (East) which he had set out to find by a western sea route, but a continent abounding in natural

resources of untold value to future generations, and to put these natural gifts to their fullest use in a commercial way.

The second period involved essentially the problem of marketing, the bringing together, economically speaking, of the pioneer who had settled in the vast territory to the west and south of the Great Lakes, and the consumer of his products. In this period we find in use only crude methods of exchange and much of unfair exploitation, which of course tended to breed distrust. Gradually, however, credits were built up in one section of the country and obligations were created in another section remotely situated, with no means of exchange to permit drawing on these credits for payment of debts. Efforts to work out a system of organized banking were crude and conducted on unsound methods and were interspersed with illegal and "wildcat" banking practices and currency issues. In this period the state interceded on popular demand and sought to curtail "wildcat" banking through the establishment of state banks. However, this proved only of temporary benefit because of the creeping in of unsound principles and inadequate management, and consequently the panic of 1857 and the Civil war period immediately following, found business so handicapped from a lack of banking facilities that Congress was compelled to establish federal control of currency issues and to provide a national banking system that would make interstate commerce less hazardous and facilitate government financing of the Civil war.

The third natural division of Illinois financial history was largely concerned with the establishment of the national banking system, federal control of currency issues, and the establishment of state banking through the chartering of local state banks and trust companies —a period when there was developed the American banking system composed of independent banks under federal or state supervision. This American banking system contained conflicting and competitive forces, owing largely to lack of co-ordination.

The fourth period embraces the development of reserve banking which sought to knit together the various classes of incorporated banks, federal and state, into one comprehensive system in which reserves were mobilized and credit further decentralized—a system calculated to provide ample currency in times of stress by making short-time, self-liquidating paper held by the individual banks convertible into reserve notes through rediscount, thus averting money stringency and much of the unpleasantness which had previously been experienced periodically because of abnormal demand from depositors im-



ALEXANDER HAMILTON

As Secretary of the Treasury under the administration of Washington, founded the first United States bank. The laws controlling this institution are fundamental and are forces today in modern banking. (See page 48).

pelled by nervousness or fear. This era sees the working out of a closer co-ordination of banking units and has created a system predicated on the best practices in other countries of the world and sufficiently efficient to meet the needs of this country, as was demonstrated during the World war and in the period of readjustment that followed; it embraces current history, in which the Federal reserve banks were organized, the war financing accomplished, and business readjusted to more nearly normal; it embraces the period of extending financial assistance to the less fortunate nations of the world whose fiscal systems had broken down under the demoralized conditions of credit and industry emanating from the war; it embraces also the problems of financing business and a rapidly expanding international commerce, the treasury operations to meet the national debt, and the return of European countries to a gold standard; in fact, it embraces the various financial operations entailed in a return to normalcy of a world badly demoralized by the devastations of war. Much remains to be done, it is true, but what has been accomplished is history and should be recounted here insofar as Illinois and her financial and commercial interests have participated.

The first recorded financial transactions of this territory were those bits of barter carried on with the Indians. Land was plentiful, the provisions of the white men were not, so perhaps the trades of the time were not always as unjust as it may seem when large tracts of cultivated fertile fields and thousands of dollars worth of valuable hides and furs were bought at the cost of small amounts of intoxicating liquor, bright but inexpensive strings of beads, gaudy knick-knacks, cheap firearms, or bits of gay cloth. To be sure, the Indians had made their homes for many a generation on those very fields, apparently so lightly given up. Here their tribal traditions had grown, their dead were buried, and their livelihood earned, through severe struggles with a tough turf and thick forests. Fields which had been won with but the crudest of implements, and which were now to be worked with comparative ease, could not be given up lightly. Perhaps the cheap trinkets of the white man really were worth so great a price to savages who had never known such treasures. But, whether these dealings may be justified or not, they were financial transactions and, as such, the first known in historic Illinois.

The Spaniards were the first Europeans to penetrate the great Middle West; their craft went far up the Mississippi from the south. Later the French and English were to make settlements—the one in

Canada and the other in the east, thence to find their way into the Mississippi, the Great Lakes, and the Ohio River which together supply Illinois so adequately with highways of transportation. It was La Salle, a Frenchman, who was to become the first promoter of big business in the west.

La Salle, well educated, who had come from the Jesuit schools, the best then to be had, was not fitted for the life of a farmer, therefore his constant desire to explore and push on into the wilderness. La Salle, too, was filled with the spirit of romance and listened with keen interest to the tales of Indians, whose language he had learned. Tales of the "Beautiful River"—actually the Ohio—suggested to him a probable route to China and the riches of the East which it was still expected might be obtained through this western gateway.

La Salle had a great genius for making friends with the Indians with whom he dealt, but unfortunately he was not so gifted in keeping the peace with his own people. His coöperation with those responsible for France's interests in America seems not always to have been complete and in time so intense a rivalry grew up between the two factions as to make those in authority fear lest La Salle might steal their power. Nor were their fears groundless, for early in his career La Salle took steps to establish a colony which he intended to fortify, with the hope that soon he might free himself from the difficulties that had befallen him at headquarters in Canada and eventually make himself governor of a greater and more fertile land than the French then claimed. To protect them from the perils which they perceived La Salle to be putting in their path to success, those in authority sought to curb his progress by securing a ruling from the crown prohibiting traders from penetrating the wilderness without specific permission. So it was that, in 1675, La Salle traveled to France to get permission and funds for establishing a fur trade and for building forts south of the Lakes. By August of 1679 he was ready to set out with the first ship of commerce on the Great Lakes, and, trading as he went, he succeeded in picking up a valuable load of furs by the time he had reached Green Bay, Wisconsin. At that point, because news of the seizure of his property by creditors had come to him, he sent back the ship and, with only fourteen men and four canoes, continued his journey south along the eastern shores of Lake Michigan until he reached the mouth of the river Saint Joseph in Michigan, where he had planned to meet his lieutenant, Henri de Tonti. Tonti had not arrived, so La Salle kept his men from

LA SALLE

First Promoter of big business in the West. From a Statue in Lincoln Park, Chicago.

mutiny by interesting them in the building of a fort where they were. Within the month Tonti arrived with his men, making a party now of thirty-three in all and eight canoes. Early in December this group set out up the river to find a portage to the Kankakee where on January 5 they came upon a village of the Illinois Peoria Indians, hostile at first, but later won over by La Salle's talents for making friends with the red men. Here they built Fort Crevecoeur, a short distance from the settlement. This fort was short-lived and, like so many of La Salle's other undertakings, was destroyed in the countless battles with the Indians who, urged on by economic competition between the English and French or the personal animosity of the French in authority toward La Salle himself, were constantly attacking the exploring parties. But La Salle and Tonti pressed on with great persistency, and in December of 1682 succeeded in building the first permanent fort in this section of the country.

Fort Saint Louis—which, because a band of Indians were said to have starved to death there, as they defended themselves against their enemies, was better known then, as now, by the name of *Starved Rock*—provided a natural fortification apparently adequate to withstand all the Indian attacks inspired by personal enemies or competing fur traders. The rock itself rises from the Illinois River to a height of 125 feet; its steep sides offer only one access, and that a difficult one; the summit comprises about an acre of land. On this splendid natural fortification La Salle established himself and here were signed the first patents to land ever made in Illinois. Thus entrenched, La Salle set about making friends with the Indians until he had built up the additional fortification of a village composing some twenty thousand people from friendly tribes.

La Salle was too much the explorer to be content to settle at Fort Saint Louis and build up his fur monopoly. Instead, while he continued his expeditions, Tonti formed a company with La Forest, another of La Salle's lieutenants, having secured a capital of twenty thousand livres. For many years these represented the French political and trading interests in America—Tonti at Starved Rock and La Forest at Fort Frontenac in Canada. After the death of La Salle, La Forest obtained permission to join Tonti, and in 1690 the two men moved the location of the fort to a more accessible spot on the north side of the river. French settlers gathered at this new trading post, making the new Fort Saint Louis—also called Fort Pimitoui—the first permanent village in Illinois.

America was by now exporting large quantities of beaver pelts to France. Some of them were disposed of in the Netherlands—then one of the principal fur markets of Europe—and the remainder were absorbed by hat factories in Normandy run by the Huguenots. In 1685, the king, through his denial of religious liberty to the latter, caused so many members of the sect to leave France as to impair greatly the industry which had been absorbing most of the beaver pelt output of Canada. Also, at this time France was waging war against the Netherlands and so had cut off her only other adequate market for this product. Conditions reached such a state that in 1700 the king abolished his system of trading permits for the settlers in America, and as a result those colonists who depended upon the fur trade lost all they had. The business which Tonti and La Forest had built up under so many difficulties was destroyed by this royal decree, and thus ended the great monopoly which had been planned by La Salle, the first promoter of big business in the west.

In spite of the catastrophe that had befallen the fur traders, the French communities in America continued, by agreement, to hold a monopoly on trade in beaver skins. Owing to the efforts of La Salle, Illinois had now become a part of the French territory and it was expected that the work begun, aided by the fur monopoly, would continue so rapidly that the great explorer's undertakings would soon grow into a French empire in America. Thus this part of the country was developing from an experiment in imperialism into the object of speculation for all Europe. For a time the territory in and about Illinois, together with Louisiana, which then extended as far north as the Ohio River, was to become the center of interest of the financial world and play so disastrous a part in European finances as never to be forgotten.

Early in the eighteenth century, speculation was becoming rife all over the world. In particular, the mania centered in France and attracted attention through the efforts of the Scotch adventurer and gambler, John Law. Law had some of the stable qualities of the financial thinker, but he held the theory that industrial prosperity was to be measured by the amount of money in circulation regardless of its source or kind. To supply the immediate demand was his first consideration; the ultimate results of inflation concerned him little, if at all. Beyond all else, he urged the adoption of a system of paper credit currency to supplement the coinage in circulation. France at this time was on the very verge of bankruptcy and was therefore, in

STARVED ROCK
First permanent trading post in Illinois.

spite of the opposition of influential men, in a position to accept the unsound policies of Law and allow him to establish a private bank, which, chartered in May, 1716, rapidly rose to the position of financial dictator of France. Soon the bank became nationalized and in it centered all the financial business of the state. Having achieved so much success, Law next established the "Company of the West," better known as the "Mississippi Company," with a charter for twenty-five years beginning January 1, 1718. The charter, which he was able to secure, gave the company a complete trade monopoly of Louisiana, ownership of all mines to be opened by the company, free disposal over all forts, ports, and the garrisons of the province, free importation of French goods, a reduction of the duty on goods imported into France, and other similarly sweeping rights. In September of the same year this charter was amended to include Illinois in the territory of Louisiana. In time great commercial companies which had been operating in India and Africa were united with the Mississippi Company and together they set about avowedly to exploit the world. The resulting speculation went so wild that shares in these enterprises rose to twenty times their value and for a time many large fortunes were made, even in the space of a day.

Meantime complications arose in France. Law's bank was taken over by the government. The unsound currency began to bring its inevitable consequences. In order to save a situation already bad, the French government, with absolute power of legislation, set about to give the widest extension to what it chose to call credit. Soon there waged a contest between paper and specie, and a law was passed requiring that all specie be deposited with the government and only the paper used. No one could convert paper into specie without subjecting the specie to forfeiture and himself to fines. The country was shortly in bankruptcy, its people impoverished, its capital destroyed, and labor left without employment. This downfall abruptly curtailed expenditures for Louisiana, and that territory which had been "proved" by exhibitions in Paris and elsewhere to contain rich gold and silver mines, as well as almost every other luxury desired by man, ceased to be the greatest speculation the world had yet known. So troubled had the country been during its financial ecstasies abroad by wars with the Indians, and so grossly had the advertisements misstated its wealth in gold and gems that great difficulty had been met in getting any but criminals, paupers, and others forced by the government to settle there. The company finally had to petition the king

to take back both Louisiana and Illinois into his own hands. This he did in 1731, and the great financial experiment of John Law came to an end—not, however, before the venture had taught France how to use credit. In spite of his uneconomic methods, Law had greatly stimulated trade, reduced the national debt of France, and had brought the country 1,600,000 livres before he found it necessary to flee the country with but a little pocket money.

After returning to the care of the French government, the financial affairs of Illinois were under the full control of the commissaire-ordonnateur. He administered the funds, provisions, munitions, and merchandise. Without his order no payment, consumption, or sale could be made. As is to be expected, specie was lacking, so paper money in the form of bills of exchange, treasury notes, orders on the storehouse, contracts between individuals, royal notes, and card money were used. The orders on the storehouse were issued to employees or to depositors of furs or other products; so much forgery resulted from this method that in time it was ordered stopped and replaced by card money drawn by one official and signed, registered, and numbered by another. Eventually this system led to so much speculation and dishonesty among officials that financial chaos reigned and brought the country to the verge of bankruptcy.

Merchants still could make their way into the west but slowly. It is reported that as early as 1760 some had penetrated as far as Starved Rock and opened a market there, but after the close of the French and Indian War—1766—there was a general rush into all sections of Illinois and the surrounding territory, so that for a few years the situation was not far different from that which was to be known in California and the Yukon a century later. Among others, a large Philadelphia business firm, Baynton, Wharton and Morgan, sent several convoys of provisions with which to trade down the Ohio and into Illinois. Later this same house used large numbers of wagons, pack horses, and boats which plied between the west and Pittsburgh. Their merchandise included all kinds of dry goods, household needs, musical instruments, wines, trinkets, and, in fact, practically all things desired by the settlers. The firm established its main store at Kaskaskia and later set up branches at Cahokia and Vincennes, where they sold their merchandise and in payment received chiefly furs. The store was in charge of George Morgan, a graduate of Princeton who, it is believed, was lacking both in good nature and in business ability. In 1771 the venture was sold out to William Murray who

represented a competing firm. Murray was of a temper better able to cope with the problems of the west and for a number of years he did business under the firm name of David Franks & Company. In 1773, Murray, in behalf of the company he represented, also embarked on a land buying expedition and created the Wabash Land Company. Until this year it was assumed that all lands were the property of the crown. However, Samuel Wharton, a speculator, in an effort to get a grant of land for himself, had two prominent lawyers, Lord Camden and Charles Yorke, give him the following legal opinion:

"In respect to such places as have been or shall be acquired by Treaty or Grant from any of the Indian Princes or Governments, your Majesties Letters Patents are not necessary, the property of the Soil, Vesting in the Grantee by the Indian Grants, Subject only to your Majesties Right of Sovereignty over the Settlements, as English subjects, who carry with them your Majesties Laws Wherever they form Colonies, and receive protection, by virtue of your Royal Charters." (Letter dated November 4, 1772, in Public Record Office, Colonial Office.)

David Franks & Company, under the management of Murray, was the first company to act upon this opinion and in 1773 Murray went to the Illinois country to negotiate a large purchase of land from the Indians. He met with opposition from the commander at Kaskaskia, who, in his loyalty to the king, felt that he must stop this move; neverthless, Murray succeeded in carrying out his purpose and obtained two large tracts, one on the Illinois River and the other between the Ohio and the Mississippi, where he established the Wabash Land Company which, in 1775, purchased two more tracts on the Wabash River. Eventually those opposed to the move were won over and taken into the company.

Thereafter, land speculation became the financial mania of the day. By now continental paper money issues in the east were fluctuating daily and speculators in the west had only to watch the money trend to take advantage of it. It is even claimed that George Rogers Clark, one of the big speculators, succeeded in passing his continental money on banks along the Mississippi at par. Because of this and other rumors, by 1779 crowds of traders appeared in the Illinois villages to bid against one another; prices rose so fast that they had tripled within two months; Virginia had called some of her paper money which added to the existing currency problems. County Lieutenant

John Todd tried to solve the difficulty by putting a complete stop to paper credit. This he accomplished by taking such paper as he found in the hands of individuals, sealing it, and in its place giving a certificate of receipt which promised lands in exchange. This action probably entitles Todd to the place of first banker in Illinois.

THE ARRIVAL OF THE PIONEERS

CHAPTER II

EARLY CURRENCY AND BANKING

Economic developments after War of 1812—First banking system in Illinois—Banks o Shawneetown, Edwardsville, Kaskaskia and Cairo—Ninian Edwards.

Largely because of the unsettled state of the country and the roving nature of much of the population, there was no serious demand for banks until after the close of the War of 1812. Even at the beginning of the nineteenth century there was practically no specie in Illinois. Instead, settlers used Indian money and the pelts of beaver, raccoon, wolf, and deer. Wolf scalps too, because of the bounty placed upon them, served as county orders and could be exchanged for tax receipts. So prevalent was this unwieldy currency that at times large shipments of skins were made to the east in payment for supplies purchased there. It is recorded that the publisher of one Illinois newspaper who found himself unable to assemble enough money of a more conventional type to meet his bill for paper, shipped his eastern creditor nine and one-half dozen deer skins valued at six dollars each. Even as late as 1830 such currency as did exist in Illinois and the neighboring communities was subject to wide suspicion and so little used that the volume of coin in all the country west of Detroit was too small to be computed. Almost all business was carried on by barter and, particularly in trading with the Indians, blankets, beads, traps, guns, ammunition, and intoxicating drinks served as suitable media of exchange. Early exchanges involving the need of money were often made through Indian traders. These men were honest and, so far as is known, always redeemed their scrip in accordance with their promises. Such currency as was in use consisted mainly of the silver coins of various countries.

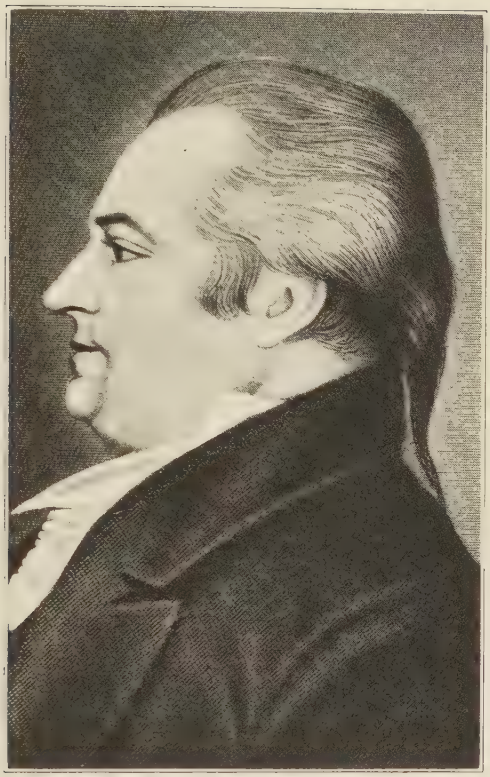
With the close of the War of 1812, however, there came a marked change in the economic life of the region. Settlers then began pouring in from the east—first those hunters who supported themselves and their families by the products of the wilderness. These, in turn, were followed by men who were accustomed to more civilized modes

of living and who, though also migratory in nature, did settle sufficiently long to attend to some building, put the land under cultivation, and raise domestic animals for the market. Largely as a result of their labors and because of the quantities of corn, ginseng, beeswax, salted pork, tallow, hides, beef, wool, and flax products with which they kept the market supplied, money began to flow into the west—first for their products, and, next, for the lands which they had put into usable shape. It must be remembered, however, that this transition was only gradual. Even as late as 1820 advertisements appeared in the papers of the state announcing lists of goods just received which were offered cheaply *for cash, for produce, or on terms.*

Partly because these settlers had broken the ground and made it possible to till the fertile fields with more or less ease, and partly because of the enactment of land laws encouraging settlement, there came, in the period between 1814 and 1819, a rush of land buyers, so that hundreds of thousands of acres were sold within a short space of time. Consequently, there was a clamor for currency which, as will be seen, was soon to be supplied through the almost unlimited manufacture of paper notes.

At first the principal market outlet which Illinois had for her products was by way of the Mississippi to New Orleans. Her only source of supplies was the eastern states. There was no medium of money exchange between New Orleans and the east and so the west could have no credit in the east. Such small amounts of specie and other recognized money as she could obtain had to be hoarded to pay bills in the east. To remedy situations such as this, the Bank of the United States attempted to so establish itself that its bills, no matter where issued, would be redeemed at any of its branches. This plan doubtless would have saved the situation had it not been for the fact that the western branches issued so much currency for local improvements or land speculation that the east was threatened with having her supply of specie drained. To meet the situation, the bank discontinued its issues of notes in the west for a number of years.

Because New Orleans was the logical outlet for the products of the west, it was Alton on the Mississippi which first gave greatest promise of becoming the commercial metropolis of the state. For many years this city and St. Louis vied with one another for commercial supremacy; by 1831 Alton had managed to build up an enviable amount of trade, and also had arranged to secure for herself an adequate amount of credit in the east. Cairo too was boomed as



NINIAN EDWARDS
First Territorial Governor.

THE BUILDING IN WHICH THE TERRITORIAL LEGISLATURE OF ILLINOIS FIRST MET AT KASKASKIA, 1816-1818

another rival to St. Louis, but never grew to any great extent. Shawneetown, because of a favorable position on the Ohio shortly below its union with the Wabash, was recognized as the gateway from the east and was designated as a port of entry by the United States Government.

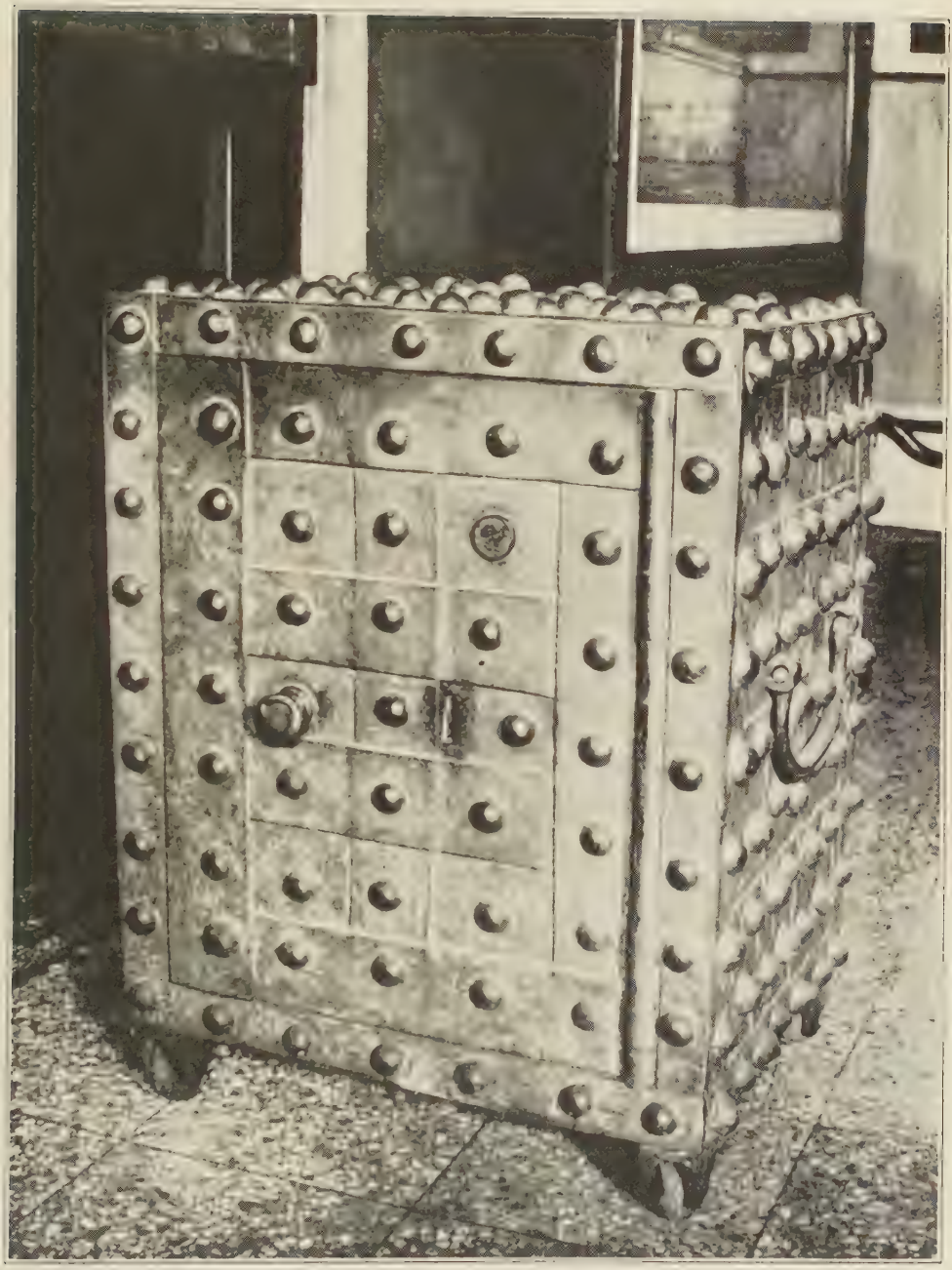
Considering the economic situation and the great rivalry which existed between St. Louis and her competitors in Illinois, it became important that some banking system be established; so, the territorial legislature in its session of 1816 and 1817 drew up and granted charters which were intended to create four banks at four presumably important commercial centers –Shawneetown, Edwardsville, Kaskaskia and Cairo. As first passed in 1816, the act incorporated the "President, Directors, and Company of the Bank of Illinois" at Shawneetown. Although the charter was loose and of a "wild cat" nature, it represented the first attempt at legal banking in Illinois and formed the basis for bank charters which were to create much financial havoc in the years to come. The charter granted contained provisions allowing a capital stock of three hundred thousand dollars to be divided into shares of one hundred dollars each. One-third of these were to be reserved for the territory of Illinois, but need not be taken over unless the legislature wished to make the purchase. As soon as fifty thousand dollars had been subscribed and ten thousand paid in, the bank might open for business. No one person was to be permitted to subscribe for more than ten shares each day during the first ten days of subscription, but beyond that no limit was set on the amount of stock any one individual might hold.

Since there was so little specie to be had, it was required that only ten dollars a share be paid in gold or silver; the rest might be paid in the notes of other banks, subject to the approval of the directors. Payment could be asked for not more than twenty-five per cent of the whole at any time and that only after sixty days' notice. The charter permitted the bank to continue for twenty years and allowed it to acquire property valued at as much as five hundred thousand dollars. There were to be twelve directors chosen by vote of the stockholders from among residents of Illinois. Votes were not accorded strictly in proportion to amount of stock held; instead, one or two shares entitled a stockholder to one vote, two to ten shares one vote for every two, ten to thirty shares one vote for each four, and so on, decreasing with the amount of stock held. While the bank might hold property to the value of five hundred thousand dollars, it could

hold no lands except such as were necessary to the accommodation of its business and such as were mortgaged as security for loans or were bought at judgment executions in the bank's favor. The debts were never to exceed twice the capital actually paid in, no matter how much money might be on deposit, and any directors violating this provision were to be held personally liable; if, however, a director could prove that he was absent or voted against the violation, he was to be excused from liability. The bank was to be limited to dealing in gold and silver, bills of exchange, goods produced on its own lands, and goods pledged but not redeemed. The rate of discount was never to exceed six per cent and if at any time it suspended specie payment, holders of obligations on which specie was refused could collect twelve per cent until they obtained their money.

The requirement that the Illinois chartered banks be so strictly penalized whenever they were unable to pay all notes presented in specie, put them in a position to suffer from the attacks of rivals. Hostile banks in other sections or states would try to discredit the paper of Illinois banks by first refusing acceptance and later by assembling it in such quantities as to embarrass the issuing bank greatly through presenting large amounts to be redeemed at one time. Supplies of specie never were so great as to be adequate to meet every conceivable emergency. To meet other similarly difficult situations, the legislature at the same session which granted the charter provided that all executions might be held off for one year, if the party bringing judgment would agree in writing to accept in payment the notes of the Bank of Illinois and of a number of other western banks, such as Cincinnati, Chillicothe, Ohio, any bank in Tennessee or Kentucky, and the banks of Vincennes and Missouri. (Laws of Illinois, 1816-17, p. 20, section 1.) This course was necessary, as since the Federal government would not permit the bank notes to be made legal tender, it would be impossible to pay in specie without great sacrifice of property, and something had to be done for the great debtor class which constituted a large part of the population.

The bank of Shawneetown opened for business very shortly after the granting of its charter and was so well managed that it showed more vitality than the others which were organized about the same time. It successfully handled government funds, built up an extensive credit, and kept this unimpaired until the general financial shake-up in 1821. Even in those difficult times, it was the last to suspend specie payments and a few days before suspension even paid an eight



(Courtesy of Chicago Historical Society)

FIRST SAFE USED IN THE FIRST BANK OF ILLINOIS, SHAWNEETOWN, 1816

per cent dividend on its stock. However, as conditions after this showed no prospect of improvement, it seemed best to suspend in 1823.

Out of these difficulties the bank managed to save its charter and, after remaining dormant for a number of years, had this extended in 1835 when it re-embarked on its career.

The banks at Edwardsville, Kaskaskia, and Cairo were chartered in 1818 under provisions similar to the one at Shawneetown. Edwardsville, only a few miles from St. Louis, was a rival of Shawneetown, and its bank was capitalized for the same amount—three hundred thousand dollars. In spite of this rivalry, during the period of struggle for an existence the directors of the two banks realized that it was best to coöperate as far as possible. Consequently, arrangements were made for each to receive the notes of the other as a protection from their common enemy, the Bank of Missouri, which was doing all it could to discredit its new rivals in Illinois. Also, in order to maintain themselves, the two banks of Illinois agreed to inform each other of the amounts of notes each held belonging to the other and to make a practice, not of presenting them for collection, but rather of sending them to places so far removed that the chances of their ever being presented would be greatly reduced. Each bank agreed never to redeem the notes of the other except in cases of extreme necessity.

The fact that these two rival banks were willing to coöperate as they did indicates the extreme difficulties of the times in which they were launched. Only a few months after the bank of Edwardsville opened for business, the directors called for a second payment on its shares of stock; so stringent was the financial situation by then that more than five thousand shares had to be declared forfeited for nonpayment. Also, those who were able to make the second payment were suspected of having done so only through the unsound means of borrowing the required amount from the bank.

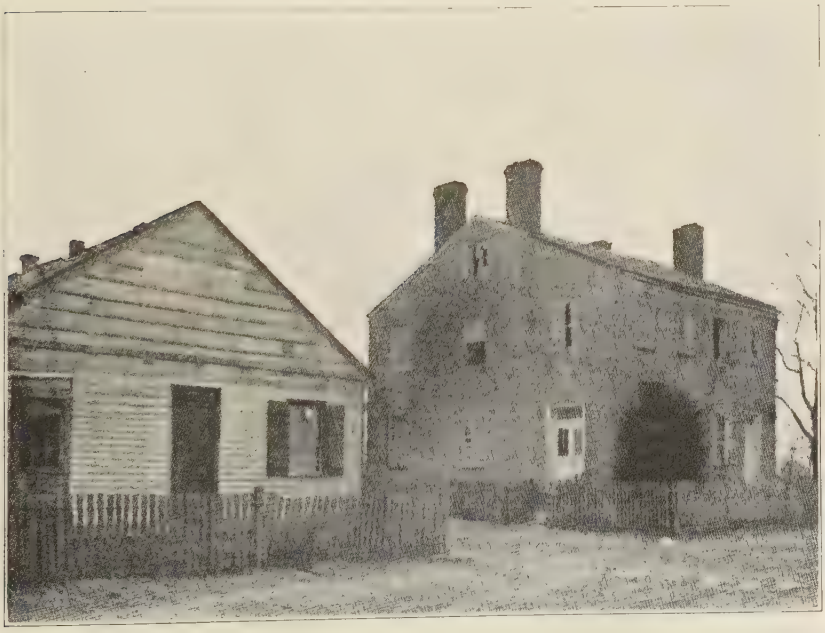
Ninian Edwards, then a senator from Illinois, was one of the sponsors of the bank and, although he was held in high esteem at the time, there were others on the board of directors whose financial stability was questioned. Through the efforts of Edwards, both his bank and the Bank of Illinois at Shawneetown were made depositaries for government funds, the permanent deposit in the former being fifty thousand dollars and at Edwardsville, forty thousand. While the Bank of Illinois took good care of these funds, the ownership of the

bank at Edwardsville seems to have involved it in a series of associations with other banking enterprises of a sufficiently uncertain character to bring about an early closing. The bank constantly got into difficulties with the United States Treasury over failures to make remittances, but usually succeeded in excusing itself by saying that eastern funds—in which these remittances were required—could not be secured in the state and that the shipment of specie was impossible. As general business conditions grew steadily worse and conditions within the bank more questionable, Edwards found it best not to shoulder the responsibility any longer and, in 1819, he cautiously withdrew his connection with the bank's management.

Thereupon followed a controversy which did much to darken the good name of Edwards in spite of all his caution. At the time of his withdrawal, President Stephenson of the bank was also receiver of public moneys at Edwardsville. Mr. Edwards claims to have asked President Stephenson to notify Secretary Crawford of the Treasury of his action and at the same time to have requested him to withhold from the bank all government funds in his possession until such time as Secretary Crawford had been able to take some action. Not long thereafter, Edwards announced his withdrawal from the bank through the newspapers, assuring the public at the same time that the bank was in good condition and under capable management. Among other things he stated that the bank had specie on hand amounting to more than twice the outstanding circulation, that none of the directors had borrowed heavily, and that the largest stockholder had always urged that the bank's affairs be conducted with the greatest caution. (U. S., H. of R., 18 Cong., 1 Sess. Doc. No. 133, pp. 85, 105. No. 128, p. 8.)

In September of 1821 the Bank of Missouri failed and precipitated a run on the bank at Edwardsville. Although the directors did everything in their power to restore confidence, they were soon compelled to suspend specie payments and after the final settlement it was found that the assets had so dwindled that even the United States never recovered any of the money it had on deposit. A judgment for fifty-four thousand dollars was obtained by the government, but it proved valueless. Two years later a committee of the House of Representatives at Washington in investigating the question of public deposits summoned Edwards to appear and he then explained that, whereas the assets set aside as security for the government deposit had been more than ample at the time of his resignation from the

THE HOME OF JOHN MARSHALL, ILLINOIS' FIRST BANKER
This building housed the Bank of Shawneetown in 1816.



IN THE BRICK BUILDING WAS LOCATED THE OLD CAIRO BANK; THE WOODEN BUILDING WAS THE OLD LAND OFFICE

affairs of the bank, Secretary Crawford out of consideration for some of the remaining directors had delayed settlement until the securities had become worthless.

The following year Secretary Crawford replied to Edwards' accusations of his neglect of duty and a thorough investigation was made of the whole affair. The conclusion reached was that "nothing has been proved to impeach the integrity of the Secretary or to bring into doubt the general correctness and ability of his administration of the finances." (U. S. H. of R. 18 Cong., 1 Sess., Doc. Nos. 128, 133.) No evidence was found that either Edwards or the receiver of public moneys—Stephenson—had ever told Secretary Crawford of the bank's condition. Since the receiver was also president of the bank, the supposition was natural that the information would not have been given. Therefore, the committee recommended that in the future presidents of depositary banks be disqualified for the position of receiver of public money.

The Bank of Kaskaskia was given a charter very similar to those of the other two banks, except it provided for a capital stock of five hundred thousand dollars, and the start was made with officers of ability and integrity, the location was favorable, as Kaskaskia had developed into one of the rival trading centers of the district, but times were against such an enterprise. The charter demanded that subscriptions, in part at least, be paid in gold and silver coin. Times were too hard to make the coin available and the bank never transacted business.

The Bank of Cairo attempted to launch itself in a truly ingenious way. The incorporators had visions of establishing a great metropolis and so bought up eighteen hundred acres of land including the present site of the city of that name. The site was to be laid off into city lots to be sold at a price of one hundred and fifty dollars each; fifty dollars of this amount was to be used for city improvements, such as the building of dikes and levees and the construction of public buildings; the remaining one hundred dollars to apply on the capital of the bank. (Laws of Illinois, 1817-18, pp. 75, section 7.) When five hundred lots had been sold, a stockholders' meeting would be held from which thirteen citizens were to be chosen as directors. (Ibid, p. 76-7, section 7.) As the town had not yet been built, it was not feasible for a time to conduct a banking business on its site. Therefore, a provision was made whereby the banking business could be transacted at Kaskaskia, thus enabling the officers to issue notes as

soon as the money from the sale of lots had been turned over to them. Needless to say, this ambitious program did not work out, the bank never accepted the charter, and the organization was never perfected until nineteen years later (1837), when the great internal improvement mania found a way of using the old charter for its purposes. With the failure of the bank to undertake operations the scheme for a great city also vanished, and when finally Cairo was settled it came about in the same difficult and timeworn way known to most new settlements.

At the time these banks were chartered, the population of the whole state of Illinois amounted to only thirty thousand people and there really existed little need for banking functions proper. There was no commerce worthy of the name, no enterprises of importance, no developed business and, though failures, the banks had probably been as useful to the state as necessary in such times.

At the time of the adoption of the State Constitution on August 26, 1818, there existed in good credit only the Bank of Illinois at Shawneetown. Edwardsville was then in the process of dissolution, Cairo had succumbed, and the bank at Kaskaskia had not even succeeded in getting under way. Banks had not done so remarkably well as to have gained sufficient confidence to make for themselves a place in the new state. Consequently the constitution, as first adopted, provided that there should be no other banks or moneyed institutions in Illinois, except those already provided by law and a state bank with branches.

At this time statements of the condition of the existing banks were not available, nor was it possible adequately to inquire into the affairs of these institutions. In the present undeveloped state of economic thought banks were felt to be of real use only as paper money mills and their value to the community, in the opinion of many, was exactly in proportion to their efficiency in turning out such a medium of exchange. When, a year later, the secretary of the treasury did succeed in obtaining some bank figures, he could get only enough to make a composite balance sheet of both Illinois banks. This showed that $140,910 had been paid in by the shareholders, the outstanding circulation was listed at $52,021, government deposits amounted to $119,036.92, and those of individuals to $32,568.60. Undivided profits for the two banks were listed at $2,994.49 and loans and discounts amounted to $206,694.32, or almost as much as the capital stock, circulation, and private deposits combined.

COMING OF THE WHITES TO EDWARDSVILLE
From mural on walls of Edwardsville National Bank, Edwardsville.

Deposit banking was not an important part of the business in those days. The government had been selling large tracts of public lands and depositing the specie received with the banks, which accounts for the fact that the comparatively large amount of $74,715.51 was on hand at the time and rather prevents one from seeing the real character of banking of the day. An amount of $59,332.18 listed as due from other banks was doubtless largely made up of the notes of these banks deposited by the receivers of public moneys. Other assets consisted of $6,614 invested in securities and $175 in real estate.

As the new state legislature was of the opinion that Illinois and other states had had enough of unpleasant experiences with private banking, it had, legally, abolished all but existing private banks; since private individuals were not to be trusted with the issue of paper, the state apparently was. To be sure, experience had not been such as to lead to the logical belief that the state would be much better, but history undoubtedly shows that so far as fundamental economic principles are concerned, experience is but a slovenly teacher.

(From Parrish: Historic Illinois)

THE SITE OF OLD KASKASKIA

CHAPTER III

FIRST AND SECOND STATE BANKS

First State Bank and depression of 1819—Currency media in Illinois—Second state bank, its organization and provisions—Illegal loans—Depreciation of paper money issues—Closing of the banks in 1831—Causes for failure of state banks—Scarcity of specie—The Wiggins loan—State taxation.

The first general assembly under the state constitution attempted to establish an Illinois state bank with a capital of four million dollars, half to be subscribed by the state and half by private persons. Only one-fifth was to be paid in during the first six months and the bank could begin business when fifteen thousand dollars in specie had been received. (Laws of Illinois, 1819, p. 151ff. sec. 5.) Notes were to be receivable for state dues at par so long as they were payable on demand, and were to draw twelve per cent interest when not so payable. The parent bank was to have been established at the seat of government and when it was removed the bank was to follow. The state government was to be allowed to take up its two million dollars' worth of shares whenever it felt justified in making the necessary appropriation. The liabilities of the bank, other than capital, were never to exceed two million dollars; ten per cent of the stock was to be paid for in specie or equivalent. There would be twelve directors, six of whom were to be chosen by joint ballot of the senate and house of representatives, and no judge or member of the legislature could serve on this board. (Laws of Illinois, 1819, p. 151, sec. 3.)

The year 1819, however, was not a propitious one in which to secure even the small amount of specie required, so the legislature, recognizing the hopelessness of the situation, supplemented the bank's charter during the same session which granted it. This time the state auditor's warrants might be considered as good as specie. (Laws of Illinois, 1819, p. 209.) Even this change, however, failed to bring about the desired result, so bad were the times for floating a new enterprise. Already there was a general collapse of banks and business enterprises and the condition of the people so hopeless that a cry for government

aid arose. The press staged a hot debate in which the bank was accused by some of being the work of a Kaskaskia clique, and by others the propaganda of the Shawneetown press in behalf of the Bank of Illinois located there. Consequently, not a dollar of the capital was subscribed, the bank never went into actual operation, and the charter was repealed by the legislature two years later.

During the first years of her statehood, the currency of Illinois represented many kinds of notes, which passed at as many different discounts. These latter varied constantly with the reputation of the banks which issued them; some came from specie-paying banks, many of the issuing banks really were solvent, but some were issued by banks that had failed, others by institutions that were purely fictitious, while some were counterfeits of the issues of existing banks. Some of the notes of New England banks and some from western New York, Pennsylvania, and the District of Columbia found their way into the state, but more came from the banks of Ohio and the south. Notes of Illinois banks constituted only a small part of the whole and notes of the Bank of the United States were very rare.

To the people of Illinois it was extremely important that the government land offices should accept this uncertain currency. Secretary of the Treasury, William H. Crawford, tried to work out a way by which the better notes could be accepted and exchanged for eastern funds. With this in mind, he had in 1819 granted to the state banks of the west fixed government deposit balances and at the same time he made them responsible for the transmission without depreciation of bank notes deposited by land offices. In 1820 he provided arrangements permitting the depositary banks to receive and remit at par the notes of certain eastern banks and western specie paying banks, all of which was a great help, eventually, in building up a sound currency.

In the meantime, however, financial distress had become widespread. An act had been passed in 1820 abolishing credit sales and lowering the price of public lands to a dollar and a quarter an acre, which so reduced the value of lands in private hands as to create great financial embarrassment and hard times. The situation prompted a second attempt to establish a state bank—this time as an institution for relief of individual distress.

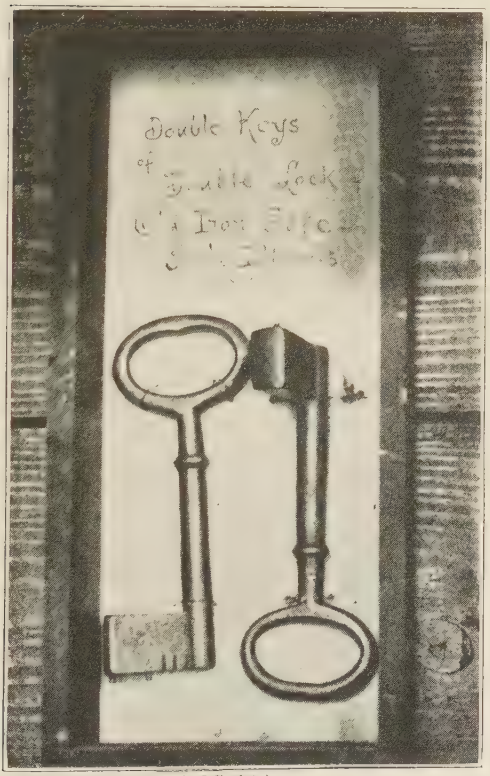
Although Governor Bond pointed out the folly of such a course and made vigorous protest, the new bank was established, and wholly on the credit of the state. Much other opposition developed also, for,

dire as was the distress, there seemed to be a feeling among a large number of people that no good would come from issuing paper not promptly redeemable in specie. On the other hand, there was an equally strong demand for the bank on the ground that in time of financial distress the state should consider it a duty to employ any measures that might bring relief. After a stormy session which consumed a fourth of the time allotted to all legislation, the bill for the bank passed both houses by a close vote. Thus, on March 22, 1819, the bank was incorporated as the "President, Directors, and Company of the State Bank of Illinois." The capital was limited to five hundred thousand dollars, all owned by the state, which through the legislature had entire management and control. The president and directors were elected by the senate and house on a joint ballot and the cashiers, both of the main bank and its branches, were appointed by a majority of directors. The property, lands, and faith of the state were pledged without restriction for the redemption of bills issued, and the state was pledged to redeem all in gold or silver within ten years (one-tenth each year), at the end of which time the charter was to expire. Bills were made legal tender for all debts due the state and for the school fund. All specie and land office money were required to be deposited at the principal bank. Two thousand dollars was appropriated with which to procure plates for the three hundred thousand dollars in bills to be issued and distributed among the several districts in proportion to their population and to be loaned on notes secured by mortgage at a six per cent rate. The bills themselves would carry a two per cent interest rate, so that the borrower actually paid but four per cent on his money. No individual was to borrow more than one thousand dollars, except the president of the principal bank who, in consideration of his services, might borrow up to two thousand dollars. It was further provided that demand notes might be issued against money deposited in the bank by the United States Government to the amount of twice the sum deposited. These notes were to be loaned in amounts not exceeding three hundred dollars to any one individual at a rate of six per cent.

Not without a great struggle, however, did the bank enter upon its existence. The constitution of 1818 required that all bills have the approval of a council of revision composed of the governor and judges of the supreme court. These men promptly gave their veto to the banking bill and when, finally, it was passed over the veto, a group of them framed a formal protest which they ordered spread

(Courtesy Chicago Historical Society)

STATE CAPITOL AT VANDALIA, 1820-1839



(Courtesy Chicago Historical Society)

upon the records. In this document is made the declaration that all banks, even when established on a specie basis, are detrimental to the morals of the people and a menace to popular liberty. The crisis which then existed in the United States, they laid at the door of the banks and predicted that the State Bank of Illinois would become the tool of the politician. (House Journal, 1820-21, pp. 227-29.)

In its final form the bill provided for the establishment of the bank at Vandalia, then the state capital of Illinois. Branch banks were to be provided at the towns of Edwardsville, Shawneetown, Palmyra, and Brownsville. At that time Palmyra was the county seat of Edwards County, the boundaries of which extended to Canada. It was then a thriving market town, but was later abandoned on account of its unhealthy location. Brownsville was the county seat of Jackson County; with a population of more than five hundred, it ranked next to Shawneetown and Kaskaskia; later misfortunes caused this town also to be abandoned.

The president and six directors of the main bank and five directors for each of the branches were to be chosen biennially by the two houses of the legislature in joint ballot. This representation was permitted even though the state, presumably sole owner of the enterprise, had so far appropriated only the two thousand dollars for the purchase of bank note plates and had contributed no other funds to the venture.

The banks were charged to treat all persons alike, each branch caring only for the needs of people in its own territory. Also each branch was required to report twice a year to the principal bank which, in turn, incorporated these reports in a biennial report of the whole system to the legislature. In spite of these precautions and warnings, loans were made at times on real estate of value insufficient to cover; the branch at Edwardsville was accused of having loaned some for political reasons and some for the establishment of a pro-slavery press, and the press of the time voiced the opinion that the only way to get a loan at the bank was to become indebted to one of the directors.

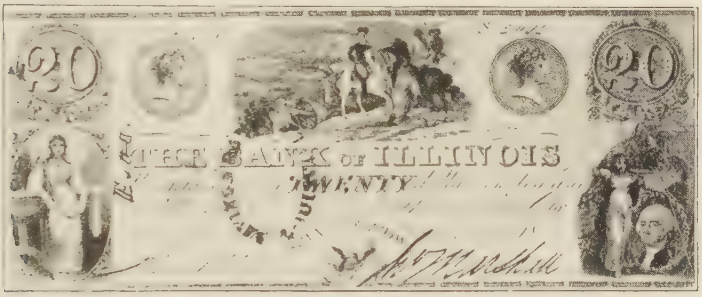
As times became hard, however, and money scarce, the bank issued a large number of notes which it loaned troubled citizens, and gave little thought to security in return. This generous policy of relieving the distress soon flooded the state with currency and drove gold and silver as a circulating medium into retirement; none entered either the vaults of the bank or of its branches. Scarcely had the paper money gone into circulation when it depreciated to seventy cents on the dollar, then to fifty, and continued downward to twenty-five, at

which point it disappeared from circulation and fell into the hands of speculators who expected ultimate redemption by the state, which had secured the bills by pledge of all its property, lands, and faith. Under the charter, all taxes, revenue, and salaries of officers of the state were payable in these bills at par. The situation was brought to the attention of the legislature in 1823 by an auditor who pointed out that notes were circulating at a fifty per cent discount and that state officers had to receive their pay in them at par. Furthermore, non-residents who paid their taxes in these notes at par were getting undue advantages. He urged that since the measure had been for relief only it was now high time to press liquidation of the bank in accordance with the law. As a result of his efforts, the legislature voted to increase the salaries of the state officers by fifty per cent, but since taxes were permitted to remain payable in the notes at par, the state soon became hopelessly entangled in its financial system.

At this time there was instituted an investigation which found that no reports were obtainable from which the conditions of the bank and its branches might be learned. In 1825 the investigators decided that the condition of the bank was hopeless. Except at Edwardsville and Palmyra, expenses had exceeded profits from discounting; at the principal bank current expenses exceeded discounts by $2,403.96. The books at Shawneetown were likewise in hopeless disorder and those at Brownsville were little better. At the former place there seemed to be a defalcation of $4,800.76 by the cashier and $3,750 had been loaned without security. Once more the assembly reinforced the original provision for gradually retiring the notes of the bank so that the institution would automatically liquidate as these were paid off. All cashiers were required to retire ten per cent of the notes annually and either burn or stamp them so they would draw no further interest. This legislation put an end to the branches except as collecting agencies but, although the liquidation process was actually begun as early as 1824, the notes continued to circulate, particularly as state receipts and disbursements, until the expiration of the charter in 1831. Then the state closed its banking business at a loss which exceeded the full amount of the original issue of three hundred thousand dollars.

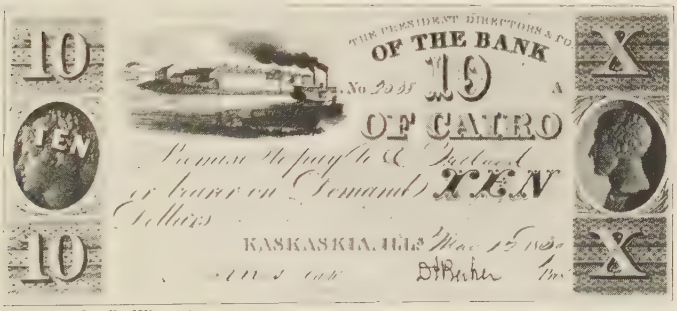
Nor was the bank's closing entirely due to lack of wisdom in the provisions for its underlying structure. Instances of poor management and direct violations of the law were discovered. On the very day that the bill was passed over the veto of the council, one of the

(Courtesy D. C. Wismer)



(Courtesy D. C. Wismer)

(Courtesy Waldo C. Moore)



(Courtesy D. C. Wismer)

NOTES OF SOME OF ILLINOIS' FIRST BANKS

eight men who voted for the measure was made cashier of a branch in direct violation of the constitution. According to writers of the time, all the officers chosen were professional politicians who either were or expected to become candidates for office and who, therefore, were unwilling to risk the loss of popularity by a too careful adherence to the provisions for security on loans made. Furthermore, the notes could not maintain their value on the eastern money markets as no provision was made to redeem them in specie on demand. Nor could this have been done, since the notes were themselves driving all specie into hiding; so scarce did it become in fact that stories are told of as little as two dollars in specie being put on exhibition in the bank as a great curiosity. In 1823 the main bank lost its building and fixtures in a fire and for a time thereafter kept its specie in a box fastened with a padlock. A few weeks later robbers broke into the quarters occupied by the bank and carried off forty-two hundred dollars which the Illinois Intelligencer of March 29, 1823, records as having been "a large part of its specie."

Furthermore, with paper money circulating so freely, and of such small purchase value, the attitude of borrowers could not be one of greatest respect for the obligations they had incurred. Indeed, they looked upon this paper as the gift of the state, which was to be paid back only at the wish and convenience of the debtors. Others decided, for their own convenience, that the issue was unconstitutional. Things grew so bad in this respect that in 1826 the matter was taken into the courts and the decision obtained that a borrower of the bank's paper could not be released from his debt by raising the contention that the bank's charter was unconstitutional. Matters were further complicated by a very liberal attitude which the state herself took toward debtors. The bank's charter granted a stay of execution where the plaintiff refused to accept bank notes from the debtor, and later this was amended to permit the defendant a replevin of sixty days even if the plaintiff did signify his willingness to accept the bank currency. Delays were given judgments or the execution of contracts calling for payment in gold or silver and, while these measures may have been intended to favor the bank's notes, they actually destroyed a sense of the sacredness of an obligation; therefore, any good that may have accrued to the bank from these measures in making its notes more acceptable, was subsequently lost through the contempt the debtors held for their obligations. Too, the bank's officers themselves had borrowed for their own uses to the full extent

of the law and, in the opinion of men like Governor Edwards, were now guilty of aiding the depreciation of its currency so as to get out from under their obligations at the smallest possible expense. It is said that these men were in a position to borrow more than one-sixth of the total issue of notes for their own ends and that in some cases they transferred to others their rights to borrow, thus exceeding the lawful loan limit. (Senate Journal, 1826-7, p. 54, Message of Gov. Edwards.) When Governor Coles appointed a competent accountant to make a thorough examination of the books of the bank the following figures were produced; the examiner explained that although the statement did not balance, he had auditor's warrants and bank notes to cover the deficiency:

Liabilities:		
Original note issue	$84,685.00	
Discounts earned and loans repaid	15,547.68	$100,232.68
Assets:		
Unpaid Loans:		
Renewed	$40,321.07	
Bad debts	31,969.60	
Expenses of branches	5,497.90	
Notes returned to principal bank	19,947.00	
Two per cent interest to note holders	903.61	$ 98,639.18

(Quoted from Illinois Intelligencer, June 17, 1825.)

After that only the cashier was retained to collect the debts and he was placed under heavy bond.

It is estimated that in the course of the ten years during which the bank existed, the state must have lost more than one hundred and fifty thousand dollars by receiving a depreciated currency, a similar amount by paying it out, and one hundred thousand dollars through loans which were never repaid by the borrowers and which the state had consequently to make good by receiving the bills of the bank for taxes, by funding some at six per cent, and by paying a part in cash.

In closing up the affairs of the bank, the state found it necessary to borrow one hundred thousand dollars. This amount was secured in 1831 from Samuel Wiggins whom contemporary writers describe as a very shrewd and provident man. It is said that he paid over a large part of the loan to the state in bills of the bank which had been

bought up by him at a low price and which the state now accepted from him at par. The loan was extremely unpopular and for many years afterwards there were attempts at repudiation. Ultimately, however, it was paid, principal and interest.

At no time did the state bank prove not to be a serious burden on the finances of Illinois. Taxation was not yet a popular way of raising funds and but a meagre amount was received thereby. In 1821-22 the state received only $7,121.09 from resident tax payers, and $38,437.75 from non-residents, who were able to escape a large part of their obligations by buying up the depreciated currency at low prices and applying it on the tax debt at par. From the state's capacity as landed proprietor and speculator and the rental of the salines, $10,563.09 was realized and $5,659.86 from the sale of Vandalia lots. The fact that non-residents could not be taxed any higher than those living within the state, or taxed at all within five years from the time of patenting the lands, together with the belief that people in the east and elsewhere were buying up Illinois bank notes at a discount, caused a great deal of discontent. These easterners were depriving the people of Illinois of their medium of exchange and so taxing them the amount of the depreciation. Indeed, the state's first revenue law was about as bad as it well could be and only gradually were its defects remedied. Since the available supply of bank notes in the treasury was sufficient for only about one-half of the state's expenses, an issue of auditor's warrants was authorized carrying six per cent interest. These and the notes circulated side by side and depreciated together until in 1825, after the canal commission had succeeded in disposing of six thousand dollars of bank paper and auditor's warrants at twenty-seven and one-half cents on the dollar, a committee was appointed whose duty it was to determine at the beginning of each month the rate at which the warrants and notes should be paid out during the month. The auditor was instructed for the time being to rate the notes at three dollars for one of specie, thus making the state borrow money at two hundred per cent interest, and the situation was not remedied. (Laws of Illinois, 1824-5, p. 182.)

CHAPTER IV

INTERNAL IMPROVEMENT MANIA

Early development of Chicago—Growing problems of transportation—Plans for the Illinois-Michigan Canal—Third state bank established under private management—Financing state improvements through the bank—General transportation projects—Cessation of work on public improvements—Panic of 1837—Suspension of specie payments—Panic of 1842—Improvement in banking methods—Illinois without a state banking system.

History shows that men can learn lessons, but does not seem to indicate that they can long remember them. After the failure of the first State Bank and the winding-up of its affairs in 1831, for a brief period the legislature was determined that there should be no more banks of issue. At the sessions of 1830-31 and 1832-33 even acts of incorporation of all kinds contained clauses which were meant to prohibit the exercise of banking powers. In the Senate, however, there soon developed a sentiment for the creation of a bank which should be on a specie basis and as early as 1833 this move lost by only a single vote. Thenceforth, the feeling in favor of a bank grew, at first, perhaps, because President Jackson had rejected a national bank for the country and some minds logically supposed that so long as there was to be no national bank, there must be state institutions. Also the trade of the state was growing and there was not enough currency available for handling it. Spanish, French, and Mexican coins, and a few United States silver pieces were now the only acceptable medium of exchange. In reality, however, the bank was to be established so that the great internal improvement mania, already beginning its disastrous sweep of the country, might be financed without resorting to the unpopular means of taxation. So it was, that as early as 1834 the legislature had sufficiently forgotten the lessons learned by the troubles of the first state bank to inaugurate another.

Not until now was the west becoming extensively settled. Illinois as a prairie country had not appealed to the first comers as an ideal spot for settlement. No outside source of supplies was available on

(From Parrish: Historic Illinois)

MAP OF EARLY ILLINOIS

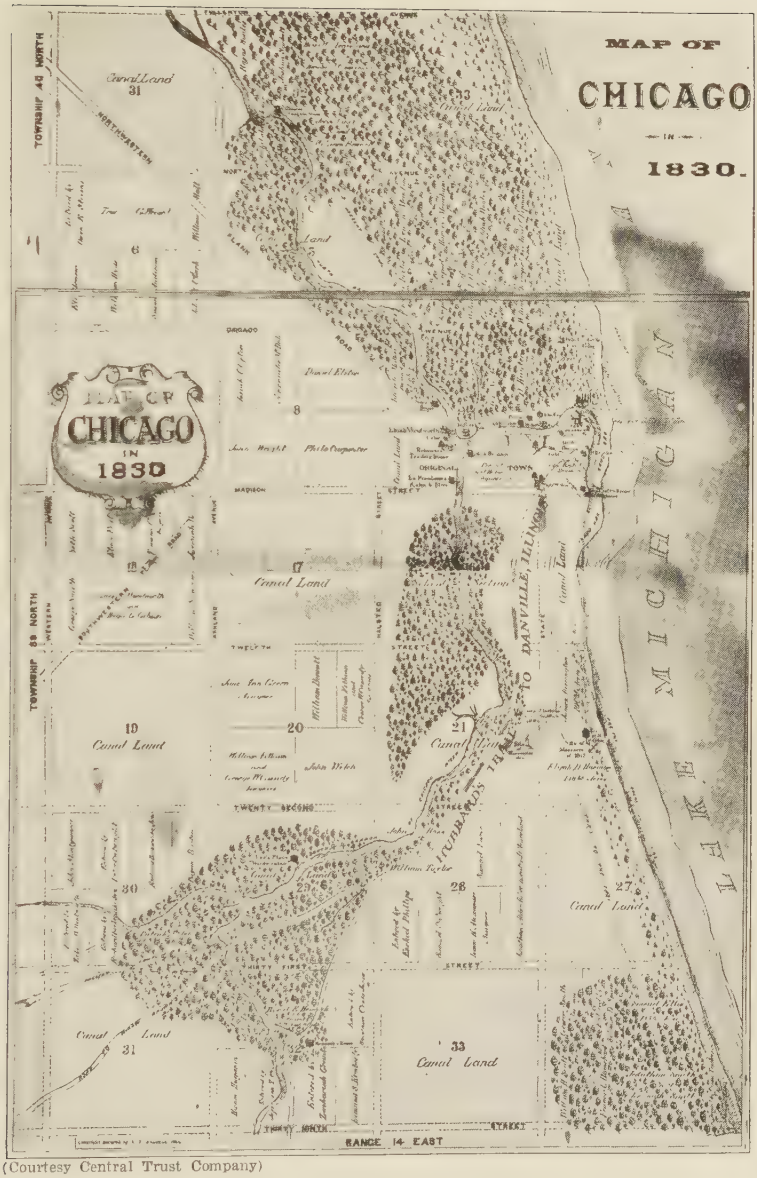
which to depend, hence it was important that men choose for their settlements land that was fertile and which would likewise supply the desired amount of game. To the pioneer the proof of fertility lay in the amount of vegetation that grew on the land in its uncultivated state. Prospective farms in Illinois produced only a tough turf and were, therefore, judged without further investigation to be lacking in fertility. Some men– La Salle among them—had discovered many years before that Illinois offered unusual attractions to the pioneer because the fertile fields were already cleared and could be cultivated with comparative ease, but settlers did not begin to pour into this western state in important numbers until about 1834. Now there came first groups of rovers who broke their way into the wilderness, and having broken the land sufficiently to make it attractive to men of more civilized living habits, sold out and pushed on into deeper wilderness. These first pioneers were followed by so many settlers from the east that Illinois soon found herself in difficulties with other states because she was draining them of their people.

With the coming of those used to cultivating the more difficult farms of the east, Illinois was faced with the problem of finding a suitable way of marketing the abundant products of her many new farms. Every thriving village intended to become a market center and much rivalry—not all pleasant—was resorted to by these settlements.

Illinois was first settled from the south and west where a way to the east might be had on the Ohio River and to the south on the Mississippi. First Philadelphia and then Baltimore had monopolized such trade with Illinois as came from the east, but the building of the Erie canal and other commercial inducements had by now shifted the commerce from those cities to New York. Chicago was on the road to New York, so while other settlements of the state vied with one another, Chicago was rapidly becoming the real trade center of the state. In 1832 she had been but a small market with only two stores. In 1833 when the village was incorporated it had about one hundred and fifty inhabitants. That spring a few houses could be seen on the lake shore, but by autumn the village had grown to the size where it had a street a mile long. When a year old there were two thousand inhabitants and vessels could be seen putting in every day with families coming to Chicago to live. In the summer of 1835 immigration was so great that flour sold at twenty dollars a barrel and there was danger of famine. When four years old the city had a population of eight thousand. There were then one hundred and twenty stores,

twenty of which transacted wholesale business only. By 1836 four hundred and fifty-six boats entered the harbor bringing goods worth $325,203, but carried away exports valued at only one thousand dollars. Now the people of Illinois who had imported so much through Chicago at a great saving realized that if the Great Lakes route was economical for imports, it could not be less so for exports and shortly wheat was being hauled to Chicago in great quantities for shipment east. Sometimes farmers came from as far as two hundred and fifty miles away to ship their wheat from Chicago. This traffic had become so great in 1841 that one hundred and fifty vessels a month docked at Chicago and even all these could not carry away the wheat that was brought for shipment to the east. By 1842 Chicago had become the market for about half of the state of Illinois, and large portions of Indiana and Wisconsin; that year she exported 586,907 bushels.

Since transportation could be handled at Chicago more cheaply than through any other port of the state, there now arose the problem of getting supplies between Chicago and the interior. As early as 1825 and again in 1826 plans were brought before Congress whereby the Great Lakes could be connected with the Illinois River by a canal. The river flowed south parallel to the lake shore and in places was not ten miles away from it. Furthermore, the two branches of the Chicago River, uniting from north and south to flow into the lake, contributed to lessen even that distance. In dry weather between the south branch and the Des Plaines there lay a portage of not more than three miles and in the wet season a lake, sufficiently deep to carry navigation in a small way, covered the distance. The two rivers were so nearly of the same level that a change in the breeze determined whether articles floating on the marshy lake would drift into the Des Plaines and then the Illinois River, or into the Chicago River and thence to the lake. This route had not only been recognized but regularly used by the fur traders from Macinac, and in 1827 Congress granted the state half of the land on each side of the canal to a depth of five sections; every other section was reserved for the United States government. It was agreed then that the canal was to be free of toll to the United States government and was to be started in five years and completed in twenty. In 1829 the state legislature passed an act providing for men to survey a route, select the land granted by the United States, and sell it in tracts or town lots. This act was amended in 1831 to increase the efficiency of the board and to decide the question of how far the canal was to extend.



(Courtesy Central Trust Company)

MAP OF CHICAGO IN 1830

It was then agreed that a part of the distance had best be covered by a system of railroads, and so another step was taken in a plan for internal improvements which before long was to become one of the state's great disasters.

In spite of the apparent simplicity of the situation, the engineering feat involved was to meet with difficulties because the bed of the Des Plaines was some two feet higher than the lake. Illinois, however, was not then so much concerned with engineering problems as with finding a way of financing the proposed canal. The first step in this direction was an act passed in 1835 authorizing the governor to negotiate a loan on the canal lands and toll not exceeding one-half million dollars. As finally passed, this act provided that the loan be made on the credit of the state and that a six per cent stock, redeemable after 1860, and to be sold at not less than par, be issued. Also the commissioners were instructed to sell lots in Chicago and Ottawa on annual installments in order to pay for the canal.

As late as 1835 a banker would not have found a paying business in Chicago, which then was becoming one of the most important settlements of the state, but the great mania for land speculation which seized the entire country in 1836 and led hordes of settlers into Illinois, and the craze for internal improvements made the use of money necessary. Even though lots were bought and sold in cities that existed on paper only and business was transacted in immense volume—much of that business was fictitious only—Chicago was beginning to feel the pinch of having insufficient money and to demand a bank of issue.

Therefore, in 1835 the legislature incorporated another state bank and, depending upon the provision of the constitution of 1818 which permitted all banks already in existence to continue, extended the charter of the bank at Shawneetown. This time, however, the state did not assume the responsibility for managing the bank, the payment of its obligations, or the redemption of its bills in specie. One lesson had been learned and the state was content to leave the entire management of the new bank to private enterprise. This time provisions were made for one and one-half million dollars of capital divided into shares of one hundred dollars each. All but one hundred thousand dollars of this was to be subscribed to by individuals, the state to take the remainder, or any part of it, whenever the legislature might think proper to subscribe. Also, the capital stock might be increased another million dollars by individual subscriptions. The

bank was to commence business as soon as two hundred and fifty thousand dollars in specie had been paid and was to continue under the charter until January 1, 1860. There was to be a main bank at Springfield—not to be the capital of the state until 1839, but because of the movement of the population northward this change was made—and not more than six branches were to be located at such points as the president and directors should determine. Interest at six per cent was to be charged on loans for sixty days or less, eight per cent for over six months. Bills and notes in circulation were limited to two and one-half times the amount of capital stock paid in, exclusive of the amount of deposits, and loans and discounts could never exceed three times the amount of such stock, exclusive of deposits. Full power was given the bank over discounting bills and notes, receiving deposits, buying and selling bullion and bills of exchange, and issuing bank notes. The bank was prohibited from owning any real estate except the land on which its buildings might be built and its directors were forbidden to deal either directly or indirectly in the purchase or sale of any kind of wares. Each of the directors—nine in all—must be citizens of Illinois and each must own at least ten shares of stock. Every shareholder was required to make a first payment of ten dollars in specie or its equivalent and, in voting, the plan used in connection with the territorial Bank of Illinois which gave the small shareholders more than their proportionate amount of votes, was again adopted.

In view of the fact that the bank's money was to be devoted generously to land speculation, it is interesting to note that the original provision permitted the bank to add to its capital through receiving deposits and also through borrowing an amount not to exceed one million dollars, all of which might be re-loaned at not more than ten per cent on Illinois real estate; each loan must be secured, however, by the pledge of property valued at not less than twice the amount of the loan.

Any director who violated any of the provisions regarding note issues, loans, or discounts was to be made personally liable unless he had a written protest incorporated in the minutes. Also, the bank was to liquidate if, upon the demand of any note holder, specie was not forthcoming within ten days, and a penalty of ten per cent was to be paid all such note holders until their notes were redeemed. No note could be issued for less than five dollars and no laws for the

(Courtesy of Chicago Historical Society)

CHICAGO IN 1831

relief of debtors, such as had reached so absurd a point in the administration of the last state bank, were to be enacted.

In its relation to the state, the bank was, as mentioned above, to reserve one hundred thousand dollars of the stock, which the legislature might purchase if and when desired. In lieu of taxes the state treasury must be paid one-half of one per cent of the paid-in capital stock on January first of each year, and the charter must be forfeited if there occurred any interference on the part of the officers of the bank with the election of state officers.

Books for subscriptions to the stock of the state bank were opened on April 10, 1835, and in less than three weeks the stock was several times over-subscribed. According to the press of the time, applications amounted to something over eight millions instead of the $1,400 allowed. Therefore, the commissioners met to pro-rate the stock and do all in their power to put it into the hands of residents of the state. Subscriptions by foreigners and corporations were stricken from the lists and those of residents were cut down to one thousand dollars and then pro-rated. Nevertheless, large blocks did go into the hands of eastern capitalists, probably through using the names of Illinois citizens for a number of small amounts, and when the bank was opened less than a half dozen interested men owned an overwhelming majority of the stock. The bank always was dominated by non-resident shareholders, but nevertheless was under as good management as probably could be found. Thomas Mather of Kaskaskia was made president and he, together with John Tillson of Hillsboro and Godfrey, Gilman & Company of Alton, through stock ownership, either personal or indirectly through that held in the east, had control over the bank.

The bank opened for business in July, 1835, at Springfield, and before the end of the year opened branches at Vandalia, Galena, Jacksonville, Alton, and Chicago. The following year permission was received to issue the additional million of capital stock provided in the first act, the time during which specie payments might be suspended without forfeiting the bank's charter was extended to sixty days, and additional branches were opened at Danville, Quincy, Belleville, and Mt. Carmel. For these added privileges, the bank agreed to take over the payment of the Wiggins loan made at the time of the closing of the first state bank and, as a result, a large additional block of the bank's shares came into the possession of Mr. Wiggins.

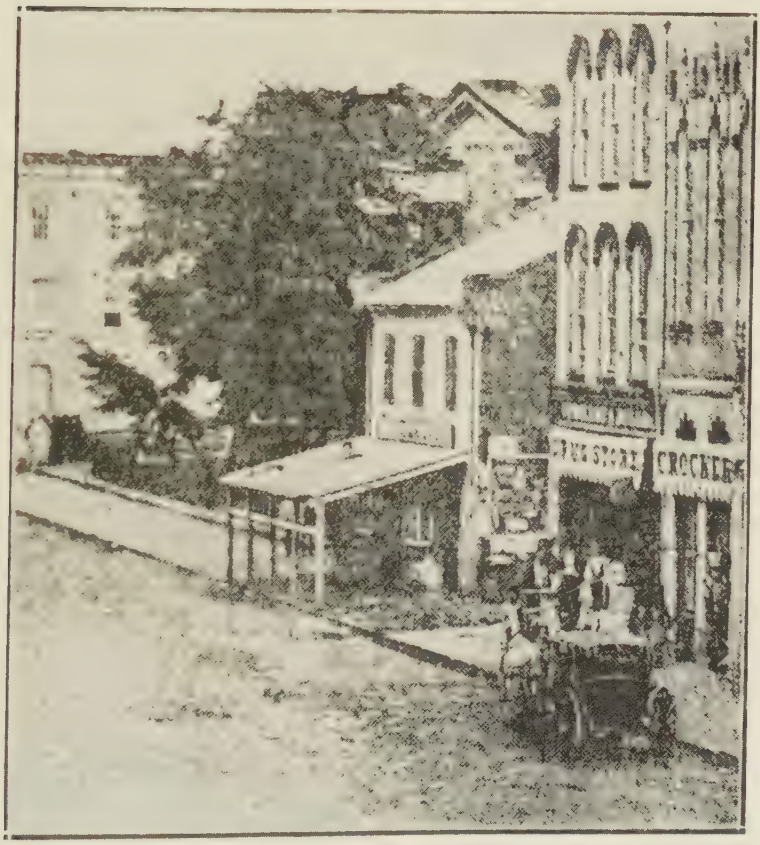
It will be recalled that the constitution of 1818 had limited the

banking institutions of the state to the state bank and its branches, and to the two territorial banks which were then in existence—the Bank of Illinois at Shawneetown, and the bank at Cairo. Since the Cairo bank had never become sufficiently organized to accept a charter, and the Bank of Illinois had gone out of business in 1823, it might be assumed that their charters had been forfeited. However, in their eagerness to share in the tide of prosperity which was now flowing into the country because of the great land speculations and the immigration from the east, the Bank of Cairo was brought to life in a rather ineffectual way—again at Kaskaskia, the original site of proposed operations—and the Bank of Illinois was reorganized: the charter which was to have expired on January 1, 1837 was extended until 1857. After a stormy controversy, finally settled in the courts, it was agreed that the charters of these banks were not now void and they were permitted to do business.

So great had become the prosperity of the section that by 1837 the state bank was paying liberal dividends and appealed to advocates of the great internal improvement plans as the logical means of financing their projects, for to pay for these improvements by taxation would bring great unpopularity to the politicians. During the first year and a half of its existence the state bank had declared dividends amounting to seven dollars and seventy-five cents on each share of the capital stock, or nine per cent on the paid-in capital. If, then, the state was to become owner of a large amount of this stock, why could not the proceeds therefrom be used to finance the state's improvement projects? It was decided at once that purchases of such stocks would be made and the earnings from them used to pay interest on an eight million dollar loan to finance the improvement projects. Therefore, the stock of the state bank was promptly increased by two million dollars, all to be subscribed for by the state and paid for by an issue of state bonds which must be sold at not less than par. This venture succeeded so well that shortly cash payments, received from the sale of bonds, were turned into the bank and five directors representing the state were added to the original nine members of the board.

The people of Chicago were now asking for still faster transportation of freight. They urged that the Erie railroad, which could run while the Erie canal was still frozen, be hastened. When completed, they said, Chicago would be but seventy-four hours from New York instead of the twelve to fourteen days required to move freight

SHAWNEETOWN BANK, BUILT IN 1840



STATE BANK OF ILLINOIS, SPRINGFIELD, 1835

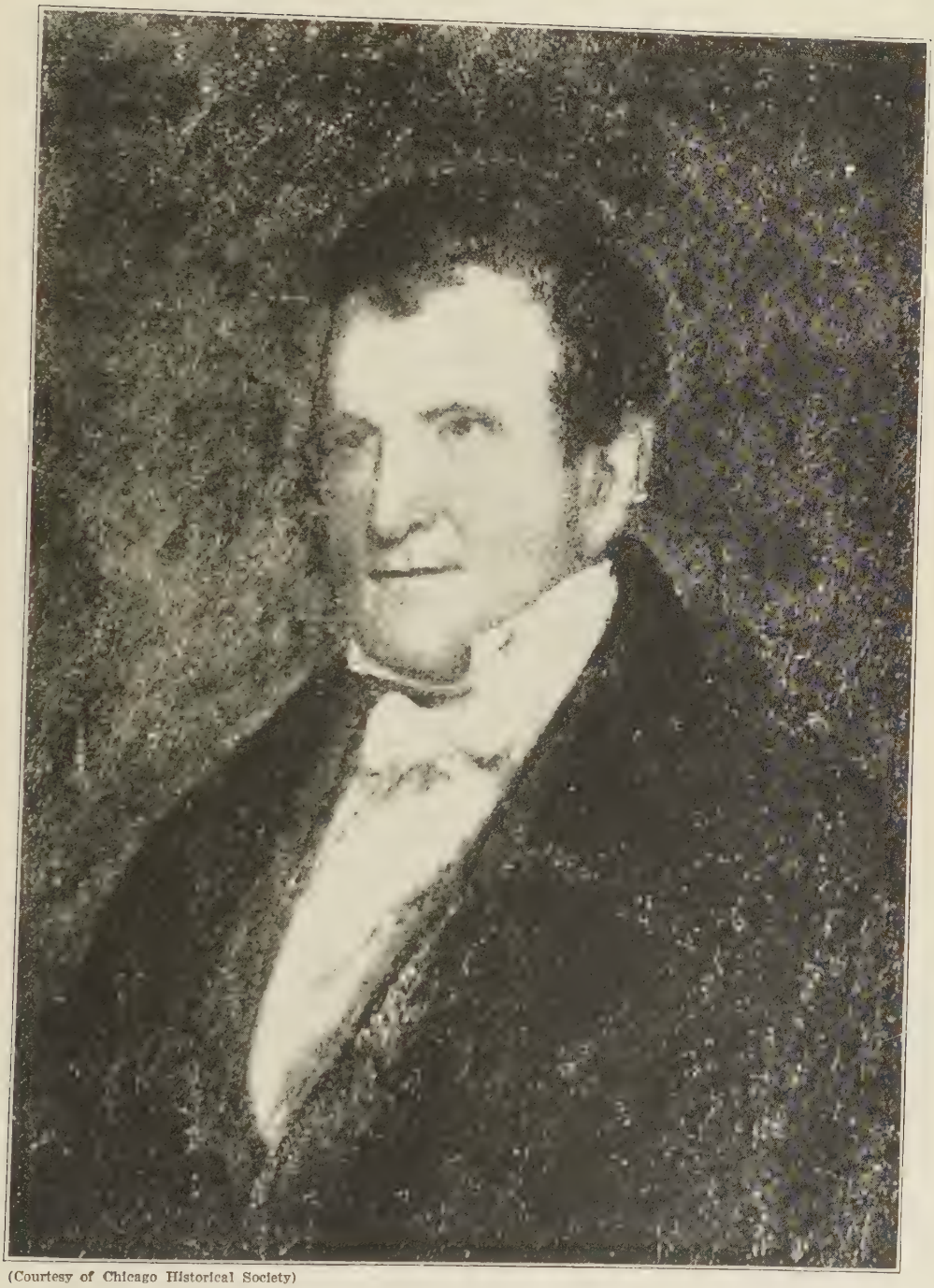
by boat. Since other Illinois markets could be supplied through Chicago, they, too, stimulated the demands for further improvements. Galena could receive goods through Chicago two months sooner and at less cost than in any other way; the Illinois River could be used as a means of transportation into the central part of the state as far as Peoria and sometimes even to Ottawa. By 1831 one hundred and eighty-six river steamers had arrived at Naples and in 1837 a packet was advertised as plying between Peoria and Pittsburgh. As a result of all this, instead of the small Chicago canal originally planned, the internal transportation system rapidly developed until it knew almost no bounds and the state was rapidly becoming involved in a scheme from which she would later extricate herself only with the greatest difficulty. Although committees were appointed to investigate and make proper recommendations on what improvements had best be made, their work, on the whole, seems to have been done not so much with a view to recommending what could be afforded under the circumstances, as to satisfying everybody concerned. The board in charge of the railroad building plans estimated the cost at eight thousand dollars a mile or less, and recommended an expenditure of $9,250,000 in railroads; in addition, the recommendation included a two hundred thousand dollar appropriation to be given those counties which were so located that they would not profit by the prospective railroads. Before long the bill for internal improvements inaugurated in 1837 had gone so far that if carried out it must have met the wishes of the wildest enthusiast and visionary. In addition to the original canal between the Illinois River and the Great Lakes the bill now included the immediate construction of seven railroad lines and the dredging of all the important rivers.

In 1837 the state determined upon a plan for securing more bank stock with which to finance these tremendous undertakings and at the same time to make the banks fiscal agents for the receipt and disbursement of the great sums to be handled. Accordingly, an act was passed increasing the capital stock of the Shawneetown bank by one million four hundred thousand dollars, one million dollars' worth of which was to be taken by the state, and adding another two million to the capitalization of the state bank. This meant that the capital stock of the Bank of Illinois at Shawneetown was increased from $300,000 to $1,700,000 and that of the State Bank from $2,500,000 to $4,500,000. The state, to finance this stock purchase, authorized the flotation of a loan not to exceed three million dollars,

carrying an interest rate of six per cent or less, redeemable any time after 1860. (Laws of Illinois, 1836-7, p. 18, sec. 3.) As the banks now stood, private individuals, who under the original plan were to own all but a nominal amount of the stock, actually held only two hundred thousand dollars' worth of the capital stock in the bank at Shawneetown and only one million four hundred thousand dollars in the State Bank. Nevertheless, although the state held such an overwhelming proportion of stock in both banks, private stockholders still retained a majority of the directors.

Those who so optimistically ordered the flotation of the new issue of bonds for the purchase of bank stock had roseate dreams of selling the entire issue at well over par—perhaps at a premium of as much as ten per cent. This premium would go to swell the interest fund, soon to be further increased by the payment of dividends on the new bank stock. In fact, if everything really had worked out so excellently, there would have been plenty of money to pay the interest on all bonds outstanding and, possibly, also leave a large surplus. But the general public was not so trusting as the legislature; the bonds could never be sold even at par. To prevent the failure of the whole undertaking, the banks themselves took the bonds at par as cash—$2,665,000 of them. Shawneetown, it is said, sold its allotment of nine hundred thousand, but the remainder, taken over by the State Bank, it is believed, was never sold. Nevertheless, these bonds were treated as capital and the business of the bank extended accordingly. Thus, for a time, the State Bank, at least, continued business on dead capital and assumed the consequent risk of failure.

Through 1836 and the spring of 1837 all went well with the banks. Then a sudden crash came in the east; values declined, banks failed, and individuals were ruined on every hand. At first the west believed herself too far away to be drawn into the destruction. In Illinois, particularly, did it seem that the banks and the speculation in western lands had little in common with eastern difficulties, except, perhaps, that land speculation had developed here at the same time—a psychological occurrence, no doubt. Illinois decided that she could keep out of the developing difficulties. Even supposedly wise financiers put their heads together and agreed that by hastening the internal improvement plans discontented settlers from the east could be brought to Illinois, that these incoming people would keep up prices in the state and so enable Illinois to become the only prosperous spot in the country. New plans were entered into with great haste



(Courtesy of Chicago Historical Society)

JOHN MARSHALL
President of the Bank of Shawneetown.

and inadequate preparation. Furthermore, to keep all sections of the state satisfied, arrangements were made to have construction on all the railroads go on simultaneously. Naturally, this prevented any concerted effort and nothing could be completed. Then, side by side with this great public enterprise, flourished private undertakings. All this was made additionally difficult by the fact that the financing, too, was spread in a haphazard way. Instead of giving entire blocks of her bonds to brokers, who could keep up their prices, the state sold them everywhere and any attempt on the part of large holders to keep some stability on the market resulted in the dumping of large quantities in odd amounts at lesser prices. Finally, after a stormy career, the legislature, in 1838, voted for the cessation of work upon the internal improvement system and it was permanently abandoned. Of all the railroad lines projected, only the Galena and Chicago Union, the Illinois Central from La Salle to Cairo, and one from Danville to Meredosia, suggesting the line of the Wabash, are now in existence in any extensive way. The state had incurred a debt amounting to more than six million dollars and had to show only a small section of completed railroad from Springfield to Meredosia and a network of unfinished roads stretching in all directions across the state joining great cities which existed only on paper. Because this work was allowed to lie idle and uncompleted, it soon became worthless and could not be reclaimed. The state had withdrawn too early to obtain any considerable advantages from her great scheme for bringing contentment to a harassed world and now Illinois had only her debts to pay.

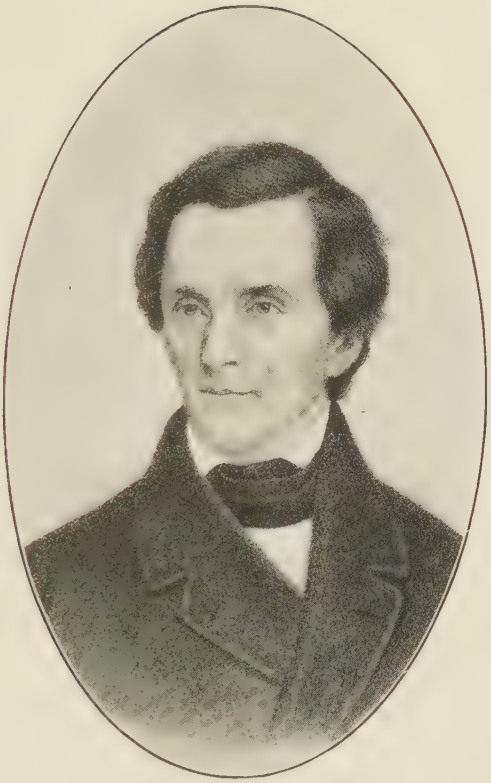
In spite of the optimism of the financiers of the section, the banks of Illinois became so involved in the panic of 1837 that in May of that year it seemed best that they should suspend. Governor Duncan called a special session of the assembly to legalize the suspension of specie payments in order that the charter might not be forfeited in accordance with the law. Also, contrary to the original intention, provisions were made for the relief of the bank's debtors during the time of suspension whereby they were permitted to pay their notes in installments. While the banks were not actually closed, they were greatly limited in their undertakings. Notes could now be issued only up to the amount of capital paid in and dividend payments were prohibited until specie payments were again resumed. No specie could be disposed of except in amounts of five dollars or less for change. Monthly statements were to be supplied the governor and

also the newspaper owned by the state printer. The state was now given permission to sell its holdings of bank stock to individuals so that interest might be paid on its internal improvement debt.

By autumn hard times had started in earnest and with the bank powerless to aid in tiding over the situation, forced to reduce the discounting of notes to a minimum, and, in spite of the laws for the relief of debtors, to bring suit against many for debt payment, a growing feeling of resentment set in. Ever since their beginning the banks had been a bone of contention between the two political parties of the time—the Whigs, who believed there should be only a national bank, and the Democrats, who wanted state banks on a specie payment basis. Now, however, the Whigs remained loyal to the banks but the Democrat press went to much trouble to bring about the abolition of a system which was not on a specie payment basis.

In 1838, a little over a year after the suspension of specie payments, prosperity returned sufficiently to resume them, but a second crisis followed in 1839, when news came that banks in the east and south had suspended specie payment.

The credit of the state soon had become so impaired that its bonds had no staple value and were bandied about in the markets of New York and London at prices as much as seventy-five per cent below par. Liabilities amounted to $11,107,919.44 which called for annual interest payments of $637,800. Since the state held the majority of bank stock the decline in bank credit followed that of the state, and soon the stock was quoted at but fifty cents on the dollar and even at that price the banks could not redeem their outstanding bills. Although an attempt was made to avoid disaster by permitting a limited amount of notes to be issued. In 1839 their mission as banks of issue came to an end. For a few years after that the State Bank continued to deal in exchange and to disburse the canal fund, but by 1843 the legislature had come to a realization of the situation and forced the banks into liquidation. This came partly as a result of the efforts of Governor Carlin who believed that bank and state should be divorced. He proclaimed the incorporation of fiscal institutions to regulate the finances of the country contrary to the genius of a free people, saying that the channels of business should not be filled up and controlled by a circulating medium which could be expanded and contracted at the pleasure of only a few. Also, he urged an investigation to learn whether or not the bank actually tried to serve the business and public interests of the state or only the specu-



GOVERNOR THOMAS FORD
1842-1846

lators. Through this investigation it was learned that many irregularities had taken place. Among them was the permission given Wiggins to use his bank stock as collateral for a loan with which to meet the payments due on the stock. It was found that the cashier of the Chicago branch had loaned considerable sums on port speculation while he denied accommodation to others, and that the bank had lent aid to schemes for building up the city of Alton as a commercial rival to St. Louis. Alton centered its activities in firms of New England men who, by virtue of their influence obtained through their large holdings of stock in the banks, and secured loans and discounts amounting to some eight hundred thousand dollars. This money, it developed, was used in attempts to turn the lead trade of the upper Mississippi from St. Louis to Alton, to operate a corner in lead, and to make extensive purchases of smelters. The bank at Alton, itself, through these and other agencies had come very close to buying and selling lead speculatively. In fact, the interest of Alton in the new state bank was sufficient to control the management and cause it to do all in its power to aid in building up Alton and divert trade thither. In addition to lead, the bank also speculated in lots and eventually these operations lost an amount estimated at more than one million dollars. Instead of building up Alton, as had been planned, these operations crushed the city and brought the bank, in less than two years' time, to the very verge of bankruptcy.

During the troubles with the State Bank it was hoped that the Bank of Illinois at Shawneetown might overcome its difficulties and resume specie payments. The day set for this resumption—June 15, 1842—passed, however, and notes which had been within six or seven per cent of par at Chicago were soon sold at a ten per cent discount. John Marshall, who had been an able president of the bank, then refused reelection and retired in January, 1843. On January 24, 1843, an act was passed to diminish the state debt and put the State Bank into liquidation; on the following day another act did the same thing for the Bank of Illinois. The banks were then required to deliver up their state bonds, scrip, and other evidences of state indebtedness in exchange for their stock. All of these were quoted at about the same level, so, on the surface at least, the exchange seemed fair enough. However, it was obviously not fair for the state thus to leave the burden of past losses of the banks upon the individual stockholders, who had paid in good money instead of the bonds with which the state had flooded the market. Fair or unfair, the scheme

worked. The state reduced its indebtedness by over two million dollars and the banks finally wound up their business at the expense of their stockholders, holders of bills, and other creditors.

Governor Ford, in his History of Illinois, reveals the banks in a more kindly light than did Governor Carlin's investigation. According to Ford, to obtain favor from the legislature, the banks had to make loans to the state. He maintains that the bank at Shawneetown alone first was induced to lend the state eighty thousand dollars with which to finish the State House and then in 1839 another two hundred thousand dollars was demanded for the use of the Commissioners of Public Works. Governor Carlin himself demanded this loan and promised to give the bank one-half million in improvement bonds as security; this promise, however, he never kept. Ford also claims that if the banks had swindled the public of only one-quarter as much as they had themselves been swindled of by both the state and individuals, these institutions would have remained perfectly solvent and able to pay every dollar of their debt, instead of exploding with a crash which carried ruin all over Illinois and into the neighboring states and territories.

In connection with the downfall of the state banks in Illinois, it is interesting also to trace the part national banks of the day played in that disaster. The question of a national currency and banking absorbed much attention between the years 1834 and 1840. At first the Second United States Bank was in a position to regulate the note issues of state banks and the exchange and care of government funds. Really, it was a private banking institution powerful enough to be able to dictate to the government. President Andrew Jackson, a Democrat, was so opposed to a system which he chose to call "the monster," that when the proper time came he refused a recharter and removed government deposits from its care. Jackson endeavored to justify his action in spite of all protest by his declaration and belief that the United States Bank was using its power to oppress the state banks and also to bring on financial stringencies through a policy of expanding and then quickly contracting credit. In 1835 the Democratic convention decided that the state banks had proved themselves to be as able and valuable as the United States Bank ever had been and so the state banks by the year 1836, uncontrolled by the United States Bank, were issuing unlimited amounts of notes which, instead of finding their expected place in business, were being used almost entirely by the speculators of the day in the purchase of public

United States of North America
State of Illinois
100
POUNDS STERLING
100
POUNDS STERLING
Illinois & Michigan Canal Stock
ONE HUNDRED
LONDON
CONGRESS
UNITED STATES
STATE OF ILLINOIS
STATE OF ILLINOIS, SIX PER CENT.

CANAL NOTE

lands. Soon bank note credit everywhere had been extended greatly beyond the need of legitimate business and the situation had become such that something had to be done to avoid accepting such currency in payment for public lands. President Jackson then issued his so-called "specie circular" which forbade the use of any but specie and the notes of specie-paying banks on land purchases. This brought great unpopularity upon the President and when, in 1837, his last official act was to pocket an act repealing this circular, his opponents held it up as evidence of his willingness to go to any length to subordinate the welfare of the country to his own whims.

President Jackson's specie circular was consistent with his hard-money views and his honest desire to save the lands of the government from the hands of speculators and the Treasury from loss. But since there were such quantities of paper money afloat which had been issued primarily to supply the speculative needs, little wonder that this circular had a large part to play in the bursting of the bubble of prosperity in America.

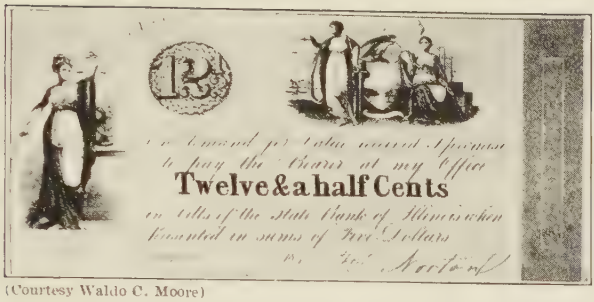
To be sure, this was only a contributing cause and not at all the real reason, for the monetary stringency was first felt abroad. England experienced it in the spring of 1837 and at once stopped buying her usual amount of tobacco and cotton. Planters had borrowed in anticipation of the sale of these crops abroad and had invested their borrowed money in slaves and lands at inflated prices. To add to the difficulties, British banks, in need of money at home, had begun to call their loans placed in America which, together with the curtailment of purchases and the President's stand on specie, soon made the panic become general here as it already was abroad. The city banks, which were closest to manufacturing and foreign trade were particularly affected, but those in agricultural regions, dependent upon the sale of crops, also suffered greatly. As is to be expected, President Jackson was blamed for all—little as he deserved real censure.

As the panic progressed State Bank paper fell more and more into disrepute, becoming progressively more worthless in terms of eastern exchange, and soon the whole currency of the state, because it had consisted largely of bank notes, fell into hopeless confusion. In the fall of 1842 state officers had to refuse the acceptance of State Bank paper for taxes and by the following July business in Chicago and St. Louis was said to be very nearly upon a specie basis. By autumn little was in circulation in Chicago other than specie, the notes of the State Bank of Indiana—one of the few state institutions

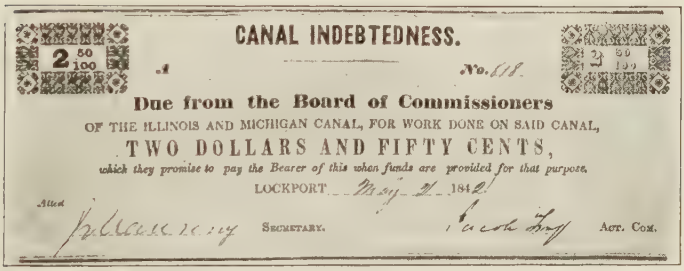
which had been successful—and sound, but illegally issued paper of which we shall hear more later.

In 1842 there occurred another flare-back of the panic which had begun in 1837 and from that time on banking methods showed a tendency to grow sounder in nature. Thereafter deposit banking began to assume a greater place and note issues were no longer relied upon as the sole source of banking income. Nevertheless, State Bank notes could not be entirely eliminated from circulation and continued to annoy business throughout the country until the time of the Civil war. Between the years 1837 and 1843 such notes in circulation shrunk in amount from $149,000,000 to $59,000,000, or from a per capita rate of $13.87 to $6.87. (Scroogs: A Century of Banking Progress, p. 118.) As the banks lost their hold on the finances of the state, currency, which until now had consisted largely of bank notes, became less and less useful. Depreciated bank notes had driven out good money and virtually left the people without a circulating medium of any sort. After the state found it necessary to refuse the notes of its bank for taxes, Illinois bonds sold at fourteen cents on the dollar. So scarce had a circulating medium become that men of property and excellent credit were unable even to pay their taxes. Meantime the State Bank had again begun to increase its note issues, instead of reducing them as instructed under the suspension act. At times it met with opposition, but often without attracting any attention at all went on its way, and even began the erection of an expensive banking house, all contrary to instructions. Throughout 1841 and 1842 the Democrats attacked the bank violently and by the next summer both Whigs and Democrats were agreed that the banks must resume specie payments or forfeit their charters. Even a year before the bank stock had fallen to thirty-seven cents on the dollar and in the spring of 1842 the credit of its notes, even in Illinois, dropped to forty-four cents on the dollar.

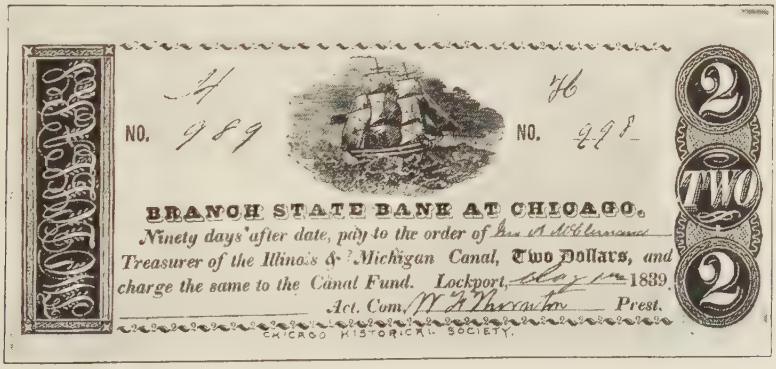
Of course, the banks were unable to resume specie payments as required, and so for the next nine years the currency of the Indiana banks flourished as a medium both sound and lawful. Also, there was a considerable amount of paper from other states, especially Michigan, also legal but not as sound financially as it might have been. Banking functions, other than the issuing of notes, were performed by private banking firms existing in all the principal towns and were subject to no supervision by the state. Consequently, unless competition forbade, they charged exorbitant interest rates, as much



(Courtesy Waldo C. Moore)


CANAL INDEBTEDNESS.
2 50/100
No.
Due from the Board of Commissioners
OF THE ILLINOIS AND MICHIGAN CANAL, FOR WORK DONE ON SAID CANAL,
TWO DOLLARS AND FIFTY CENTS,
which they promise to pay the Bearer of this when funds are provided for that purpose.
LOCKPORT
SECRETARY.
ACT. COM.

(Courtesy D. C. Wismer)



(Courtesy Chicago Historical Society)

as twenty-four per cent being common. This situation could not give satisfaction either to the bankers or to the public. As a result, the public did not make any great amount of deposits and the private bankers, in satisfying the demands of borrowers, either were forced to violate the law by issuing their own paper or to lend the notes of other banks. The public consequently was subjected to great risk in handling bills of so many kinds. In fact, "bank note reporters," "counterfeit detectors," and other similar publications were issued at frequent intervals, but even while they were being printed values changed so that it was never possible for any holder of notes to know his exact worth at any moment.

TRADERS ON SOUTH WATER STREET A CENTURY AGO

CHAPTER V

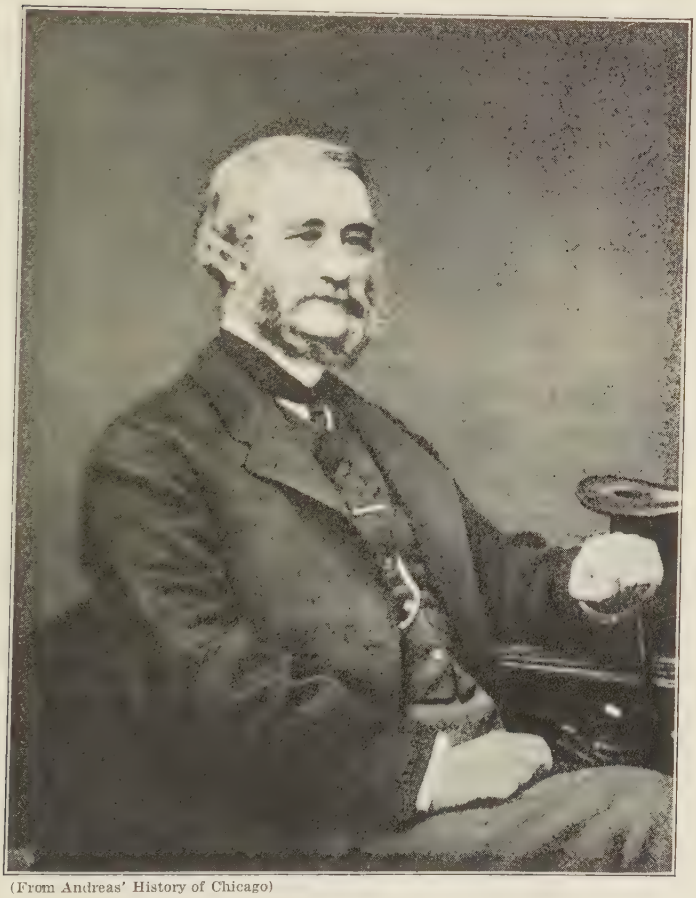
ILLEGAL BANKING

Currency issued by the Chicago Marine and Fire Insurance Company—George Smith—Illegal currency vs. "wildcat" notes—Interest rates.

In the midst of the banking agitation, the discovery was made that there was no constitutional provision against insurance companies. These, it was now reasoned, might make loans and so add to the sorely needed facilities for carrying on trade. Insurance companies also could lend money on notes which might assume a form that could pass as a circulating medium. In 1836 and 1837 the legislature had chartered the Chicago Marine and Fire Insurance Company. The charter specifically stated that the company was not to do a banking business or issue any notes or bills to be passed as money or "in the semblance of bank notes." However, as early as May, 1837, the company published an advertisement in a Chicago newspaper saying that, in consideration of the great need of the community, advantage would be taken of a section which read "and also receive moneys on deposit, and to loan the same, on bottomry, and respondentia, or otherwise, at such rates of interest as may now be done by the existing laws of the State." Thereupon the company immediately started a banking business, received deposits, loaned money, bought and sold exchange and coin, and in the course of time its demand certificates of deposit took the place of money. In compliance with its charter, the company did not issue these certificates "in the semblance of bank notes" and it was impossible to prove them in any way a violation of the charter. Not based on any authority of the law, this circulation was obliged to depend upon the confidence of the people. It is even possible that the directors had no intention of creating a circulating medium in these certificates, but did so only to the extent of demonstrating the feasibility of such a plan in times of great need and with the hope that a class of men who could put such a plan into practice successfully would take the hint. Nor

(Courtesy Marine National Bank, Milwaukee)

ALEXANDER MITCHELL



(From Andreas' History of Chicago)

GEORGE SMITH

was it long before that very thing occurred, and this form of paper became a leading monetary system and an important factor in the commerce of the northwest.

Among the shrewdest financiers in Chicago at the time were George Smith and Messrs. Strachan and Scott. Smith, a Scotch farmer, had come as a prospector in 1834, but becoming impressed with the immense fields the country offered for profitable investment, he returned to Scotland, where he organized the Scottish Illinois Land Investment Company. Late in 1836 Strachan and Scott returned with him as managers of the affairs of the company and acted both as agents for the Scotch company and as private bankers. These men, together with Smith, who was an advisory director of the company, eagerly watched the new phase of banking developments. By 1839 they had become so interested that they took a transcript of the charter of the Chicago Marine and Fire Insurance Company and, without many changes, obtained its passage from the Territorial Legislature of Wisconsin under the title of the Wisconsin Marine and Fire Insurance Company. Alexander Mitchell, a young banker from Aberdeen, Scotland, now had come to join them and he was made secretary and local manager of the new company with an office at Milwaukee. The company's stock amounted to $225,000, half of which was held in Scotland and the other half by the four men here. Immediately the Milwaukee office established a business similar to the one in Chicago with the exception that the certificates of deposit, which were in denominations of one dollar to ten, were engraved very much in the semblance of bank bills. These were readily redeemed in Chicago at the banking house of Strachan and Scott until 1840, when that firm moved to New York, and thereafter by George Smith himself.

The new issue worked its way into circulation slowly at first and with much opposition from the banks which were still doing business under state charters, but before long the new notes came to be known as reliable, as, in contrast to other bills, they were always paid promptly upon demand. Soon Illinois and other bank bills were being exchanged at less than their face value and the "illegal" currency of the Wisconsin Marine and Fire Insurance Company was required in larger and larger amounts. By December 1, 1841, the company had outstanding $34,028 of these bills, after which time the issue increased rapidly. In 1843 it amounted to $100,000, in 1845 had reached $250,000, by July of 1847 $300,000 were in circulation,

and in November of the same year there were $400,000 outstanding. The year 1848 saw $600,000 in circulation, in 1849 there were over a million, and by the end of 1851 the peak of $1,470,000 was reached. After that the circulation was gradually contracted, every dollar of the entire outstanding amount was paid, except $34,000 which were never presented—these latter notes having no doubt been lost, burned, or worn out. Legal banks and others who were interested in stopping the progress the institution was making, exerted great efforts to discredit its paper. Runs were instituted on the agencies, and banks would hoard large quantities of the illegal notes so that they might be presented all at one time and thus drain the specie supplies of the company. Nothing, however, seemed to avail. According to one story, Mr. Scammon, President of the Marine Bank of Chicago, had been enjoying the pastime of presenting large amounts of "Smith's bills" for redemption. One day he met Mr. Smith who asked him what amount of the notes of his (Scammon's) bank were outstanding. When Mr. Scammon replied that there were just $175,000 Mr. Smith quickly informed him that his own vaults contained $125,000 of that amount, and that he would "bring them over for redemption one of these days." That remark kept Mr. Scammon in a state of worry for some time before an agreement was reached between the two rivals whereby each was pledged not to attempt anything to the detriment of the business of the other.

Since "Smith's bills" could not be driven out and gained such popularity that soon agencies for their redemption were established at Galena, St. Louis, Cincinnati, and Detroit, some bankers decided to take advantage of doing the same kind of business in addition to their legal money issues. Also it soon led to the organization of many unincorporated companies which circulated funds that passed at variable discounts. Among the legally established banks, the Merchants' and Mechanics' Bank of Chicago did a thriving illegal business and, as a result, received a great deal of complaint from competitors. The bank's illegal currency was printed to look as much as possible like the legal variety and, unless one were very discerning, he would never know whether he was receiving secured or unsecured paper. Those opposed to illegal banking now demanded that the paper of banking houses doing both kinds of business be refused, and soon the feeling became very hot among those opposed to illegal banking. The public, however, continued to accept illegal

paper, which was so safeguarded as to hold its value in preference to the legal variety which had given much reason for distrust.

Up to this time the current interest rate had been ten per cent while the legal banks had been restricted by the legislature to a rate of but seven per cent. Consequently, to do business at all, it was necessary that the banks evade the law and, through some roundabout means, secure the current rate. By 1849 money had become very scarce and the legal interest rate was advanced to ten per cent. This, however, was not now a real remedy, as the money scarcity had become so great that the money lenders could get as much as twenty-five per cent. Little specie was to be had and only the bills of foreign banks could be secured in any usable quantity. This paper was uncertain in its value and business consequently suffered from its use. By September of that year money tables were quoting something as follows:

"Bills bankable and commanding specie at one per cent: New England banks in good credit, New York State banks in good credit, New Jersey and Maryland banks in good credit, Ohio, Indiana and Kentucky banks in good credit, Michigan, Virginia and Missouri banks in good credit, Wisconsin Marine and Fire Insurance Company certificates, Pennsylvania banks, not over one per cent discount in New York.

"Uncurrent: Canada, three per cent discount, Pennsylvania par to three per cent discount, Tennessee not taken, State Bank of Illinois, fifty per cent discount, State Bank of Shawneetown, seventy-five per cent discount." (Andreas, History of Chicago, vol. 1, p. 535.)

On November 15, 1851, the "Gem of the Prairie" published this list of banks which were then supplying local currency in Chicago: Wisconsin Marine and Fire Insurance Company; The Chicago Bank of I. H. Burch and Company; the City Bank of Bradley & Curtiss; the Southwestern Plank Road Company; and the Illinois River Bank. The needs of the times were such that all of these passed readily among the people of Illinois.

George Smith, operating under the title of George Smith and Company, continued in business on La Salle Street until 1857 when the house was closed. Shortly thereafter he retired, having acquired large sections of valuable property in Chicago and elsewhere and securities in such quantities that the son of another of Chicago's prominent early bankers, recalls a visit to a large financial house in New York with his father and seeing there rooms full of packing cases

ready for shipment. There were so many of these about that it looked as though the institution were about to be moved. Every case was filled with securities, all belonging to George Smith of Chicago and this, it was said, represented but a fraction of his enormous fortune. As this incident occurred in the sixties, it is probable that Mr. Smith was then having his wealth shipped to Scotland where he went to spend most of his remaining days.

CHAPTER VI

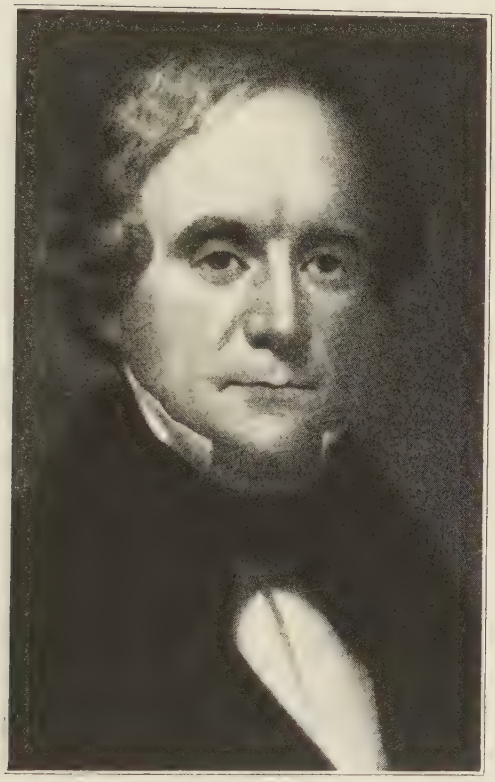
FREE BANKING SYSTEM

Attempts to exclude all banks from Illinois—Establishment of the Free Banking system—Bank war—Agitation against illegal currency—Legalizing of Smith's bank—Banks organized up to 1854 and type of business transacted—Illegal loans of legal banks—Panic of 1854—Amendments to bank law of 1855—Railroad investments—Missouri's internal improvement mania and its effect on banks of Illinois—Panic of 1857—St. Louis bankers assist Illinois—Amendments of 1857—Business failures of 1858—Closing affairs of the old state bank of Illinois, 1862.

By 1846 Illinois had so outgrown the provisions of her 1818 state constitution that the legislature passed a proposition to hold a constitutional convention. Although this was in the hands of the Democrats who were opposed to all banks, a pro-bank Democrat was made president and every attempt to force the adoption of a constitutional prohibition of banks was defeated. In 1847 the vote was so close that the exclusion provision was lost by just one vote. Finally, the document went through with the provision that the state itself be prohibited from going into the banking business or from holding any stock in any banking corporation. It was further provided that shareholders be made individually liable for the amount of their stock on circulating notes, and that all banking acts be submitted to the people for vote. In 1846 Governor A. C. French declared against "incorporated banking" and in 1848 an attempt made to extend the charter of the state bank for two years failed.

In spite of the efforts exerted to make the new constitution bank proof, it had no more than been accepted when the Chicago Board of Trade framed a bill for the authorization of a general banking law, and business interests in other cities set up agitations with similar aims in view. Thus, a clause which had been intended to guarantee against special legislation in favor of business or other interests, was soon being used directly by those interests. The outcry for banks so aroused the Democrats that in 1848 they put a plank in their party platform declaring "hostility to a United States bank, and all kindred

institutions, whether of a state or national character, authorized by either general or special laws." The next year Governor French again declared himself to be against all banks and as a result they were held off for a time, but not without a lively war of words between the banking and anti-banking factions, each of which blamed every economic ill to the other. The business men of the state set up a determined fight to secure action from the legislature of 1849 establishing banking systems, and they met with success. The new act was patterned after the banking system of New York, which provided that any person desiring to engage in the issue of notes be required to deposit with the state auditor bonds issued by the United States, the state of Illinois, or any state which paid full six per cent interest. The deposit of the first two classes of bonds entitled the owner to circulate notes to the full market value of the bonds, but not more than half their par value. The Illinois bonds as security, however, were to be listed at twenty per cent less than their average value in the New York market during the preceding six weeks. If any state failed to pay regularly at a rate of six per cent on its bonds, the state auditor must demand at least two dollars of such bonds for each one dollar of notes issued. These notes were to be printed by the state auditor, who was to exchange them for the bonds offered as security in proper legal amount. The banking institution might be formed by any number of persons, but a minimum of fifty thousand dollars' worth of capital stock must be sold before beginning business. Such banks might do a general banking business and circulate their bond-secured notes as money. (Laws of Illinois, 1851, p. 63, Secs. 4 and 9.) If any banking institution failed to redeem its notes on demand, the auditor was empowered, after giving proper newspaper notice, to sell enough of the deposited bonds to enable him to redeem the notes. The state, however, was never to be held liable for the redemption of any bank paper. Under the law, any noteholder might put a bank into liquidation because of failure to redeem its paper, by the simple process of having the note "protested" by a notary public and the protest sent to the state auditor who would notify the officers of the bank to pay the obligation at once. If not so paid, a notice would be put in the paper at Springfield and one in the place where the bank was located to the effect that the auditor would redeem and retire all notes of the bank. Upon publication of this notice, the bank must discontinue all business except the settling of its affairs under a receiver appointed by the courts. The assets



GOVERNOR AUGUSTUS C. FRENCH
1846-1853

would then be applied, first to the redemption of notes, next to the payment of liabilities other than capital stock and, lastly, anything left would go to the shareholders. If there were not enough for the first item, the shareholders were to be held individually liable up to the amount of their stock holdings. (Laws of Illinois, 1851, p. 163ff, Sec. 28.) Any note not paid was to draw interest at twelve and one-half per cent until paid. Also, provision was made that any group of shareholders owning an aggregate of three thousand dollars of stock, or the state auditor, might demand an investigation which must be conducted by the circuit judge of the county in which the bank was located. The judge must then publish his findings and opinion as to the wisdom and honesty of the bank's management.

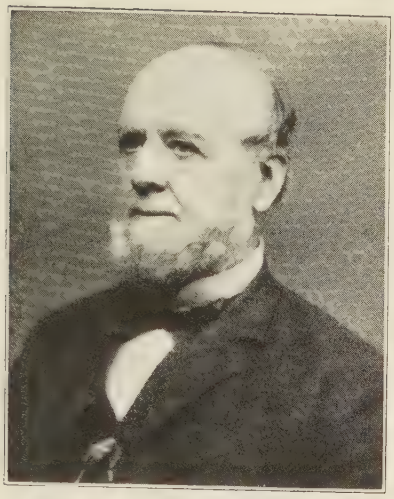
This new banking system was put in the care of three commissioners who were expected to examine each bank at least once a year. If there was a shrinkage in the value of securities on deposit against note issues, the bank must deposit additional bonds or withdraw part of its notes from circulation. Also a quarterly statement of the bank's condition must be issued and published in a local newspaper. (Laws of Illinois, 1851, p. 163ff, Sec. 34.)

When the general banking bill was sent to Governor French, a Democrat, he promptly vetoed it and offered these objections: (1) The bill should have provided for a definite minimum of gold and silver to be kept on hand for the redemption of notes. (2) Instead of a double stock liability, all stockholders should have been held responsible up to the full amount of their private property. (3) Since a bond itself is but an evidence of debt, it could not form a proper basis for further evidences of indebtedness and, if such bonds were worth their face value in gold, why not have the banks deposit the gold instead of resorting to a round-about method which they claimed to amount to the same thing? If, on the other hand, the bonds were not as good as gold, they were not adequate security for the notes. (4) Why could not a bank incorporating under this bill, instead of issuing notes properly secured, act as the agent for a foreign "wild cat" bank? (5) The New York system on which this was founded had not yet weathered a crisis and, therefore, probably could not be counted a success. (Reports of Session, H. of R., 1851, p. 493.)

In spite of this protest, the influence of the business men prevailed and the bill was passed over the governor's veto in February, 1851. Not without some resort to strategy, however, could it be submitted

to the people, even under most favorable circumstances. The general election, it seems, was not due for some time; therefore, to secure the passage of the bill at an early date, the Assembly resorted to the device of legislating out of office all of the county treasurers and then ordered a new general election for them. After an energetic canvass throughout the state by both friends and enemies, the bill was adopted at the special election by a vote which stood 37,626 for and 31,405 against. When first passed, this new, so-called "free" banking law of 1851, could be and was so construed that two kinds of banks were established, each under the supervision of the state auditor, but one issuing notes secured by deposited bonds and the other simply issuing unsecured notes. During the summer of 1852 only two banks issuing secured paper were organized and, as a result, so much criticism was brought to bear from the anti-bank faction that the Senate determined to act to repeal the law. Immediately there was a great rush of applications for charters from banks which wished to secure circulation privileges for possible future use before the repeal could go through and, within a few days after the news was spread abroad, as many as twenty-seven applications were made. Later, when the law was not repealed, the number of banks again fell off, until in 1854 the banking commissioners reported that there were only twenty-nine banks operating under the law, ten in Chicago, two each in Springfield and Naperville, and not more than one in any other city. The issues of these banks constituted but a small amount of the circulation, while illegal issues and those of foreign banks continued to flourish.

To us of this day and age it is a matter of peculiar interest to note that apparently it did not occur to the bankers of that time that a situation might ever arise in which it would become possible for the securities backing the circulation themselves to depreciate enough in value to bring the currency into distrust. Nor was this the only flaw of a fundamental nature in the law. Banks could issue all the currency they wished—legally—provided only that they kept sufficient security with the state auditor. Even the place of issue could be located in an inaccessible spot and notes circulated at great distances therefrom so as to be not easily redeemable. Further, there was no provision for the actual payment of even a dollar of the fifty thousand dollars' worth of capital stock prescribed as a minimum. Even the bonds securing circulation could be obtained with borrowed money and paid for with the notes issued against them. Notwith-



J. YOUNG SCAMMON
President Marine Bank

CHICAGO MARINE BANK
Corner La Salle and Lake Streets.

standing all these weak points—of which ample advantage was taken —the system was decidedly better than any that had preceded and was so well guarded that it furnished a fairly safe circulating medium up to the time of the Civil war.

For a period a bank war waged, but little could come of all the agitation because of the intricate situation which existed. Legally established banks were issuing illegal bills; some few banks did a strictly legal business, even going so far as to absorb illegal banks and substitute legal for the illegal currency outstanding. The Chicago Marine Bank, which had organized under the law, was accused of having revived its old insurance company and of making legal loans thereto, so that the latter, in turn, might circulate illegal bills for profit. Some banks were so bold as to issue illegal currency for buying bonds that might be deposited with the auditor against legal issues. As a consequence, the bankers, under J. Y. Scammon of the Marine Bank of Chicago, determined to put an end both to the actual illegal practices and to unjust accusations of such dishonesty by getting the legislature to pass an amendment to the bank law which would prohibit all illegal banking. On February 10, 1853, this was passed and to conduct a banking business within the state except under the provisions of the statutes was made little less than a felony.

In prohibiting illegal currency, more than the powers of the law were required to accomplish the desired result. Hard as legal bankers might try to eliminate this competition, they always had to contend with a public which had learned that the illegal currency of such institutions as the Wisconsin Marine and Fire Insurance Company, under the leadership of George Smith, was more acceptable than the legal issues. There was the added difficulty that the law required notes to be redeemed at par, while illegal notes, such as Smith's, were redeemed for gold only at a premium of one per cent. Consequently, Smith's paper circulated while the notes of the legal banks were presented for redemption. Also, men like Smith had bought interests in foreign banks and were circulating their issues in Illinois, and other foreign bankers established agencies in the state for the purpose of circulating and redeeming their notes. Nebraska had established such agencies at Galesburg, Peoria, Macomb, and other cities. Georgia was represented largely through Smith's investments there. Some states—often those offering the less reliable currency—would persuade residents of Illinois to take stock in their banks and so

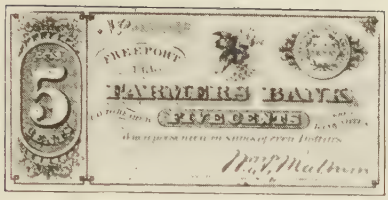
attain a right to the bank's notes; such stockholders would then agree to help keep each other's notes in circulation, and so "wild cat" issues both good and bad flourished.

A cry arose against the one per cent charge for redemption which illegal bankers were making and which was driving legal notes out of circulation. George Smith was the most important factor in this problem as his notes had the greatest confidence. He readily agreed to redeem at par if all others would, but upon their refusal the plan fell through.

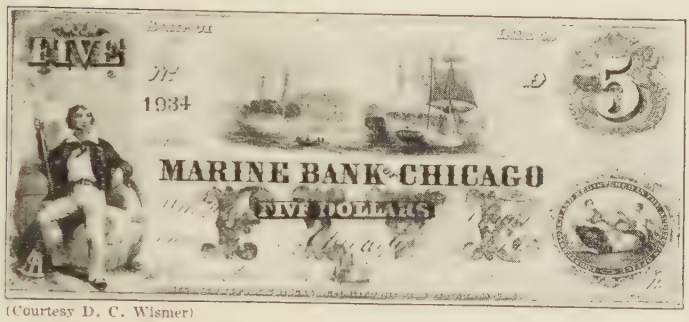
After the amendment of 1853 Smith legalized his bank and supplemented his issuing powers by buying banks in other states whose currency could not be kept out of Illinois. He circulated large quantities of bills from Georgia and Tennessee which could not be discredited because of Smith's ownership in them and his power over the banking situation in Illinois. Other bankers followed his lead, and so the amendment prohibiting illegal banking only made worse the situation as regards foreign issues. When the bankers of Illinois tried to discourage foreign circulation by refusing to collect such notes except the holder submit to a high service charge, people merely used the notes as they were and seldom bothered trying to have them exchanged for specie.

Thirty-one banks had been organized by 1854 with a capital of seventeen million dollars and securities in the hands of the state auditor valued at $2,650,987.62. Of this, $1,844,500 were bonds of Virginia, Georgia, Missouri, Ohio, Wisconsin, Kentucky, and Tennessee, all of which states were paying six per cent regularly and notes were being issued against them to their full par value.

This circulation privilege was, in the main, the only business of these banks. In 1854 when, instead of regular tax assessments, the banks were taxed on loans, discounts, and bond deposits, it was found that but nine banks made any return on loans and discounts and all others reported only the minimum of fifty thousand dollars in bonds required for incorporation. Investigation showed that these banks actually were not doing a loan and discount business at all; they simply secured the right to issue notes and then loaned them all to private brokers, so that the low legal interest rate might be exceeded and the tax on loans and discounts evaded. In this way it was possible for the banks to set up an endless chain by first securing bonds, then notes, putting them out, and with the funds so secured to buy more bonds, and so on. The fact, however, that only a few of the



(Courtesy Waldo C. Moore)



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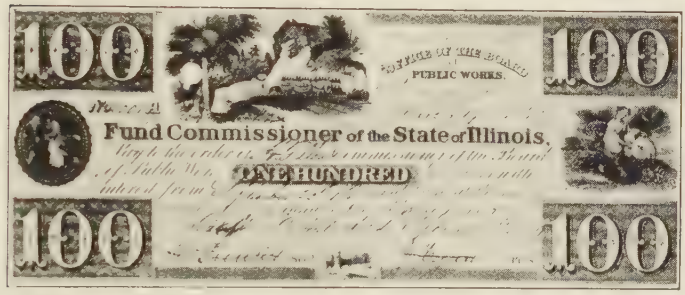
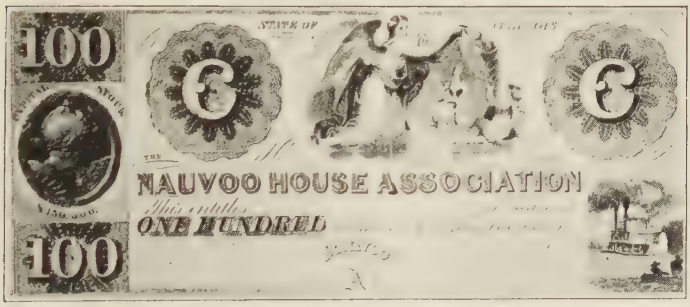


(Courtesy D. C. Wismer)



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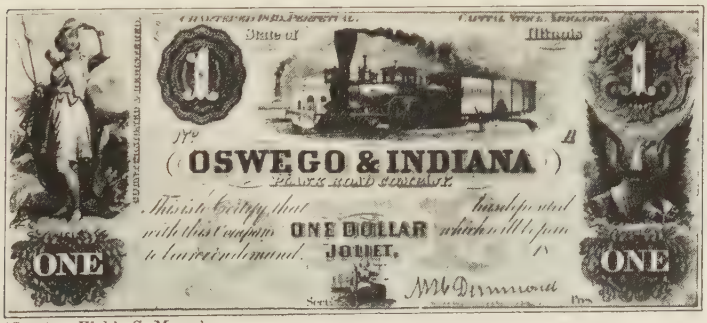


(Courtesy Waldo C. Moore)

banks had deposited more than fifty thousand dollars minimum required in bonds showed that in all probability they were not taking advantage of this particular flaw in the law.

During the summer of 1854 the new banks got their first shock in the form of a panic which was reported the worst since the great panic of 1837. Extensive railroad construction projects in the middle west had put a heavy drain on the money market. Soon the bond market declined and a spirit of distrust seized the holders of bond-secured bank notes. The trouble came on suddenly so that the banks were unprepared to meet the demands for note redemption. The bank commissioners tried to help the situation by assuring note holders that their paper was amply secured and no loss need be sustained, but in spite of all they could do some few banks were so pressed as to find it necessary to suspend specie payments, and many people disposed of their notes at a large discount, which proved unnecessary as the banks soon made a fairly good recovery from the panic. Only three closed their doors permanently and, according to the auditor's report, at the end of November, 1854, there was outstanding a total of $2,649,341 in circulation secured by bonds valued at $3,170,529.55.

Following the panic, the banking commissioners urged the legislature to eliminate the seven per cent interest requirement of the law so that banks might carry on a legitimate business more regularly. Also they urged that the banking law be amended to require that a minimum amount of specie be kept on hand for note redemption. In 1855 the legislature did make some improvements in the law, but entirely ignored these two suggestions of the commissioners. Instead, any bank about to wind up its affairs was required to certify the fact to the state auditor so that proportionate amounts of its bonds might be received from him in return for notes to be retired and if the bank were to retire from business before all the notes had been paid off, there must be deposited with the auditor enough specie to cover those still outstanding.

Close upon the heels of the discovery of gold in California in 1848 there came a great business boom in which extensive railroad developments were made all over the country; these, in fact, were largely responsible for the subsequent demand for labor and materials, and consequent business prosperity. The average yearly gold production had now become fifteen times as great as that of the preceding three centuries. Prices, naturally, rose, but not so much

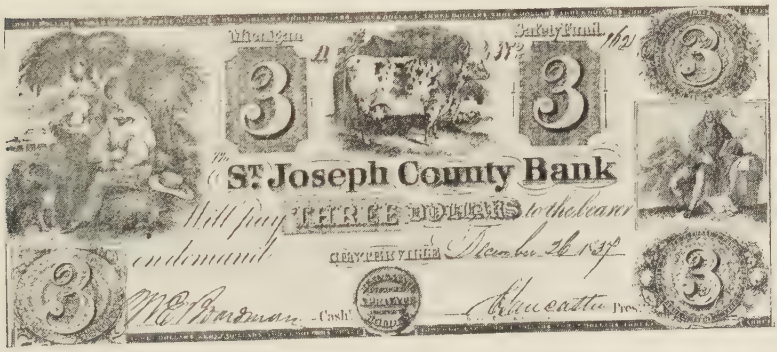
as might be expected because a large part of the new gold was exported to countries where a greater purchasing power might be secured. In 1850, at the beginning of the boom, there were some nine thousand miles of railroad in the country; by 1857 the mileage had increased to 24,500. In the single year of 1856, 3,600 miles were constructed. (Scroogs: A Century of Banking Progress, p. 147.) Railway securities were being floated in amounts as large as one hundred million dollars a year. Much of the money had to come from abroad as America did not yet have large quantities of funds for investment. But, even with this inflow of foreign capital, the needs of the time were not met and domestic banks put large sums into railroad issues—a non-liquid type of investment for bank funds. In the middle west where railroad development was especially active, it was estimated that banks invested as much as half their capital in such securities. Many railroads were built over territory not yet settled and from which incomes could not be expected for some years to come. Individuals, banks, and whole towns incurred heavily bonded debts to help the project. The banks, with so much money tied up, were forced to expand their circulation. Heavy imports drained the country of specie and money generally became tight.

About this time the state of Missouri was suffering from an internal improvement mania similar to the one that had seized Illinois twenty years before. More than two-thirds of the notes of Illinois banks were secured by Missouri state bonds. The public debt of Missouri was growing at a rate that knew no bounds and its securities declining in market value. The Illinois banks had now been in operation for six years; the state had grown and its wealth about tripled; money was plentiful and land values inflated; but in 1857 the reaction set in. On August 20 a large failure occurred in Boston, followed by the Ohio Life Insurance & Trust Company of Cincinnati which had acted as a means of transporting funds by draft between the west and the east, and thereupon one thing after another brought on a state of panic. Soon the situation became acute on the New York stock market. State bonds declined rapidly and the auditor of the state of Illinois had to call on almost every bank in the state for additional securities against outstanding circulation. He faced a situation where it was becoming necessary to convert some of the collateral into gold or exchange for the liquidation of eastern indebtedness which had to be on a specie basis, and

FIVE
Chicago
5
CHICAGO MARINE & FIRE INSURANCE Co.
FIVE DOLLARS

STRYKER & Co.
25
TWENTY-FIVE CENTS,
DRY GOODS
141 Lake Street.

25
P. PALMER & Co.
CHICAGO.
ILLINOIS.
25
DRY GOODS
CARPETS
122, 114, 116
Lake St.
TWENTY-FIVE CENTS


3
3
St. Joseph County Bank
THREE DOLLARS
on demand

then the defects of the banking system came to light. It was not then possible to make the exchanges, and banks, as a rule, were unable to keep their circulation on a par with gold, no matter how many bonds might be deposited against it. In the final test the price of Illinois currency in terms of eastern exchange proved that it no longer performed the functions of money. Exchange rose in price until a premium of ten or even fifteen per cent was reached. In the west, however, this was the best money obtainable, so it continued to circulate, although business men were greatly annoyed by the constant fluctuations in exchange.

The Stock Security Bank of Danville was one of those which went into liquidation. The securities deposited against its circulation had depreciated so rapidly that the note holders received but eighty-eight and one-quarter cents on the dollar. This, however, was the first instance in the history of the banks where the proceeds from the sale of bonds on deposit were not adequate to reimburse note holders.

Constantly the securities declined in market value and the commissioners were forced to ask for more and more. Banks reduced their circulation. Three banks failed. Fortunately there were no more that were unable to meet the requirements of the law or the state auditor would have been confronted with the necessity of dumping large quantities of bonds on a market not prepared to absorb them. Conditions in Missouri grew steadily worse and that state threatened to adjust affairs by not paying the interest on its outstanding debt. This calamity was averted, happily, or doom would have been spelled to the Illinois banking system.

St. Louis banks, which had been watching affairs in Illinois, now became alarmed at the frequent calls for more security against notes being made by the commissioners and determined to refuse acceptance of any Illinois currency offered them. A disaster was averted by the three commissioners who themselves hastened to St. Louis, explained the exact situation, and, with the help of a friendly newspaper in the city, recovered a much needed confidence in the financial affairs of Illinois. In addition, the bankers of St. Louis agreed to furnish specie for Illinois currency at the rate of ninety to ninety-five cents on the dollar. This, while good news to the banking system of the state, was still better for those speculators who had bought up Illinois notes at very low prices during the short period when they were discredited.

To remedy some of the evils which the panic was bringing to light in the banking system, the legislature of 1857 passed an act requiring that every incorporated banking house must do business only in the name of the bank and at the place named on its notes and in the certificate of organization. The object was to forbid the practice of locating banks in inaccessible spots and circulating notes at great distances, so that there would be no call for their redemption. Also provision was made that no bank could be established except in a settlement containing at least two hundred people, which did away with institutions such as the Bank of Southern Illinois located at Bolton, a town of only one family in an out-of-the-way part of Williamson County. This bank issued notes in busier centers, knowing that they would never come back for payment. The new legislation also prohibited other ways then in vogue of discouraging the presentation of notes for payment. Among these methods were the demands of some banks that the note holder present his holdings one at a time and receive currency in small denominations.

The amendment of 1857 provided against the practice of borrowing securities with which to start a bank and then paying for them with notes issued against them. Likewise the legal rate of interest was changed, in accordance with the recommendation of previous commissioners, and ten per cent instead of seven was now made a legal rate. As security for circulation the bonds of Illinois were now put on the same footing with those of other states regularly paying six per cent—heretofore these had been discriminated against in the amount of notes that might be issued against them. From then on all notes might be issued up to ninety per cent of the actual market value of any securities placed on deposit with the state auditor and meeting his requirements.

In favor of the settlement of affairs of defunct banks, it was now required that note holders and creditors of an insolvent bank present their claims within three years or the bank would be released from obligation. (Laws of Illinois, 1857, p. 220.)

By the opening of the year 1858 the banks of Illinois had recovered. Only a small number had gone into liquidation, but business failures throughout the state had been numerous. In Chicago business was paralyzed for a time and one hundred and seventeen out of a total of thirteen hundred and fifty concerns failed. In other parts of the state conditions were not quite so bad; only one

(Courtesy Central Trust Company)

CHICAGO IN 1857

hundred and ninety-nine firms failed out of a total of eleven thousand four hundred and fifty-nine. As business improved, however, weather conditions were such that the farmers of the state obtained only poor crops and the down-state sections suffered more in 1858 than they had the year previous. The banks, with recent improvements made in the law, were now established on so sound a basis that they weathered the storm, and after two years of hard times only six out of fifty-four had passed out of existence. Of the six, all but the Danville bank had been able to redeem their notes without loss to the holders. (Reports of Session, 1859, p. 193.)

The legislature of 1859 was of the opinion that banks which had conducted themselves well during times such as had just passed were operating under measures amply adequate, and therefore no further banking legislation was enacted. In spite of the good opinion the state of Illinois might hold of her own banks, however, not the same was true of the Secretary of the Treasury of the United States who, in his report on the state of finances for the year ended June 30, 1860, showed Illinois to be at the bottom of the list of states in amount of specie held by her banks in proportion to outstanding circulation. Illinois had only four and one-quarter per cent of specie available against her circulation while the average for the remainder of the country was twenty-three and eight one-hundredths per cent. In making comment on this situation the Secretary stated that in Illinois debt was piled upon debt in an astounding way; even the circulation was based on funded debt and all that kept the notes in circulation was the fact that the people of the state believed in the ultimate redemption of the notes.

In 1859 crops were good and, as business had already been making strides forward, the outlook for prosperity was bright. Again in 1860 the state had the best agricultural crops of its history. Currency was expanded and new banks were started, but no sooner were affairs going nicely when the bonds of Missouri took another slump. This time, all Illinois banks affected were able to make the necessary adjustment and records showed that of the one hundred and ten banks established under the new law, only fourteen had gone out of existence; of these only one had resulted in a loss and that for only three per cent.

Once again the State Bank of Illinois must enter the picture. In 1859—sixteen years after liquidation—the bank's liabilities still amounted to $150,000 and more than one and one-half million of

the capital stock had become a total loss to the investors. The assets now amounted to fifteen or twenty thousand dollars in cash and some very old debts. Three trustees, drawing one thousand dollars a year each, had been in charge of winding up the bank's affairs for the past eleven years. Two of them by now had lost interest—except in the annual income—and had agreed to let the third do all the work, while each gave him two hundred and fifty dollars a year. Furthermore, in all this time only one dividend had been declared to the note holders and depositors of the bank, and that for the small sum of sixteen and two-thirds per cent.

After an investigation which revealed the situation, the bank's real estate and other chattels were put on sale in November of 1862 at auctions held at Mineral Point, Wisconsin, and Springfield, Illinois.

CHAPTER VII

CHICAGO BANKING

Earliest commercial transactions in Chicago—Gurdon S. Hubbard—Chicago's first branch of the state bank—Closing of the state bank in 1843—Early private bankers—First banking relations with the Pacific Coast—First woman's department in Chicago—Seth Paine and his spiritualist bank—1851 found Chicago as the leading banking center of the middle west—List of banks organized.

In recording the history of the banking institutions of any section of the country, it is difficult to avoid devoting too much space to calamities that have occurred, a situation to be expected, for so long as everything connected with our financial institutions is running smoothly there is, seemingly, nothing to record. Only the unpleasant happening enters our newspaper and magazine records and even the laws on our statute books are largely the result of things gone wrong and so they, too, reflect calamity. As a consequence, columns are written describing those panics which occur only once each twenty years and little space is given to the long periods of peace and prosperity intervening. If only more complete records had been kept doubtless we would find that the history of banking in Illinois represented far more that was pleasant and human, with here and there a touch of humor or even the ridiculous, than is possible to realize from such records as have been left us. Since more of the human side of banking has been bequeathed us by Chicagoans than by bankers from any other section of the state, perhaps we can read into the progress of Chicago's financial institutions during this period, something of what was also taking place in other sections.

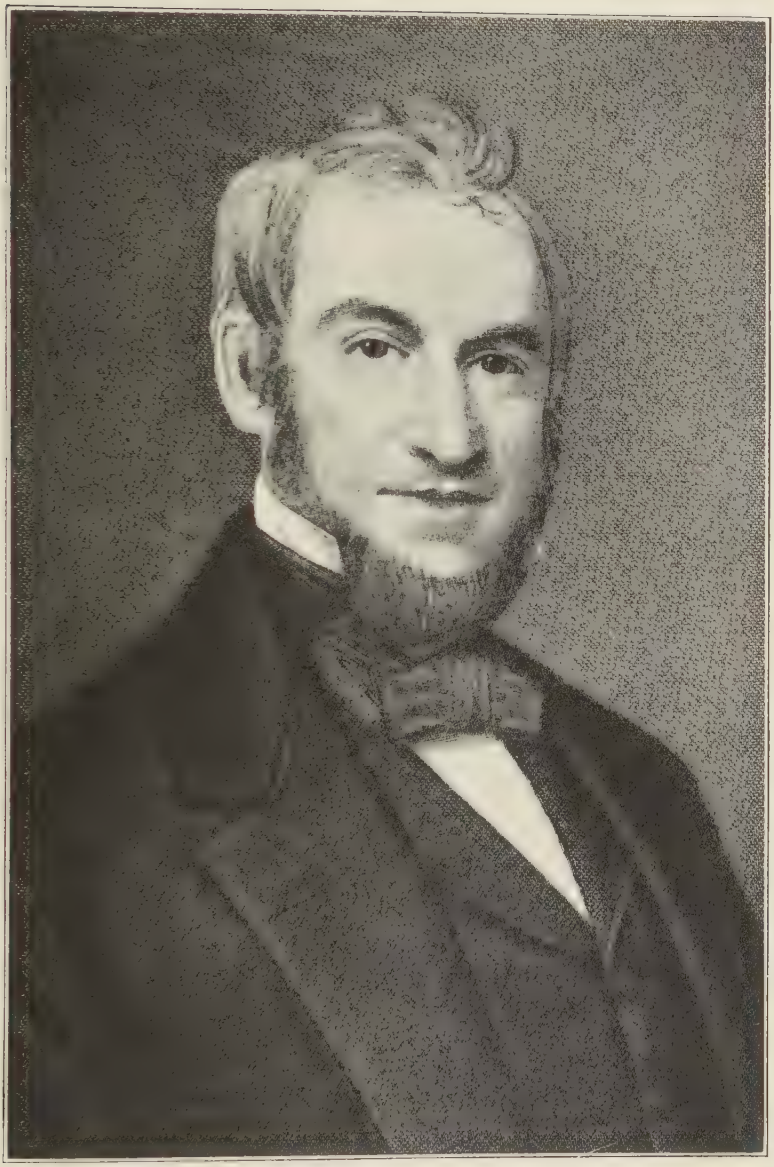
In Chicago as elsewhere, the very first transactions which involved the payment of money were made with Indian traders, who on the whole seem to have been honest and always to have lived up to their financial agreements. These Indians apparently had already advanced somewhat beyond the stage of pure barter and possessed a currency which, while often unsatisfactory in form, nevertheless

proved to be far more convenient than barter alone. Those traders who were more or less professional in their financial dealings had some form of agreement which corresponded to the modern promissory note and these agreements, in whatever form given, were accepted by white men as reliable.

Probably the first white man to do anything resembling a banking business in Chicago was Gurdon S. Hubbard. Mr. Hubbard, while he did not actually set up banking rooms in Chicago, was a man of such means and good credit as to be able to draw a bill of exchange on the east which was certain to be honored on presentation. On many occasions he permitted his fellow townsmen the use of this credit and thereby greatly assisted the beginnings of trade between Chicago and the east. Also, because of his financial power in the west, Mr. Hubbard was often entrusted with the keeping of various sums of money either for deposit or business exchange, so probably he performed most of the functions of a banker even in those early days.

Since the state of Illinois was first settled from the south, many banks appeared there before one was established in Chicago. Even the first state bank with four branches did not consider Chicago a suitable place for the establishment of one of them.

When the second state bank was established by the legislature on February 12, 1835, Chicago felt herself entitled to one of the branches. She was now a rapidly growing settlement and had discovered the possibilities of using her port on the Great Lakes as an economical means of shipping the products of Illinois to the east. Therefore citizens of the village immediately set about securing one of these branches, and on December 5, 1835, their efforts were rewarded with success when there was established "The Chicago Branch of the Illinois State Bank" with John H. Kinzie as president and a board of directors consisting of G. S. Hubbard, Peter Pruyne, E. K. Hubbard, R. J. Hamilton, Walter Kimball, H. B. Clarke, G. W. Dole, and E. D. Taylor. W. H. Brown was made cashier of the new bank which opened for business about the middle of December in a four-story building on the corner of La Salle and South Water streets. According to an advertisement appearing in the *American* of February 13, 1836, the bank was kept open for business from nine in the morning until one o'clock in the afternoon. All paper for discount was to be offered on Mondays or Thursdays, as Tuesdays and Fridays were the official "discount days." That



JOHN H. KINZIE
President of the first Chicago branch of the State Bank of Illinois.

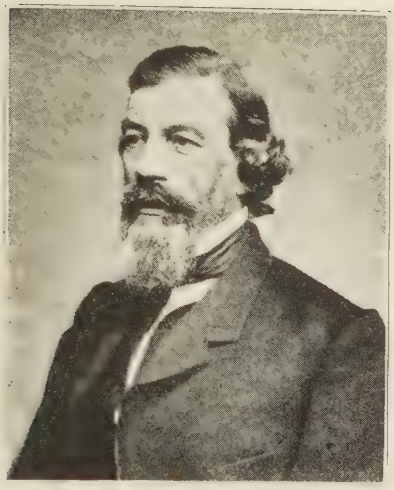
Chicago was deserving of a banking institution is indicated by the fact that the bank did a flourishing business from the start and that a single customer—Garret, Brown & Brother—deposited a total of $34,359.31 between December 30 and February 27.

Soon Chicago outgrew the facilities of her one state bank and, although the institution remained in the city for seven years, it is said that its cessation of business in 1843 was not greatly regretted by the city for its inadequate facilities had already been supplemented by more efficient private bankers. The first of these—the Chicago Marine & Fire Insurance Company—had received a charter only one year after the state bank opened for business, and while the charter did not grant this company the right to issue circulating bills, nevertheless, as early as May 16, 1837, it advertised itself as willing, in view of the scarcity of money, to take advantage of a clause permitting it to receive money on deposit and to loan these funds for the benefit of the community. Immediately, the company issued certificates of deposit which the community was only too ready to accept and circulate as money. It was this action which soon inspired George Smith of Chicago, together with Alexander Mitchell of Milwaukee, to establish the Wisconsin Marine & Fire Insurance Company that for many years gave Chicago and a large part of the west the only currency everywhere acceptable because of its intrinsic worth. While the Chicago Marine & Fire Insurance Company did not itself issue any great amount of certificates for circulation, it had performed for Chicago and the west a great banking service in suggesting a type of currency that was feasible for the promotion of commerce. Some years later this same institution—then reorganized as the Marine Bank of Chicago—was again to show its pioneering spirit when, under the leadership of J. Young Scammon, it was the first bank in Chicago to file a certificate of organization under the new banking law of 1851. No sooner had the law been ratified by popular vote than the bank was started. The certificate of organization was received on January 13, 1852, and by May 20 the capital of fifty thousand dollars had been increased by one-half million. On October 20 of that year the new bank deposited bonds with the state auditor and secured a circulation of $99,044. President Scammon and Cashier Edward I. Tinkham announced the bank's new bills in the Chicago Democrat of April 21 through an advertisement which read:

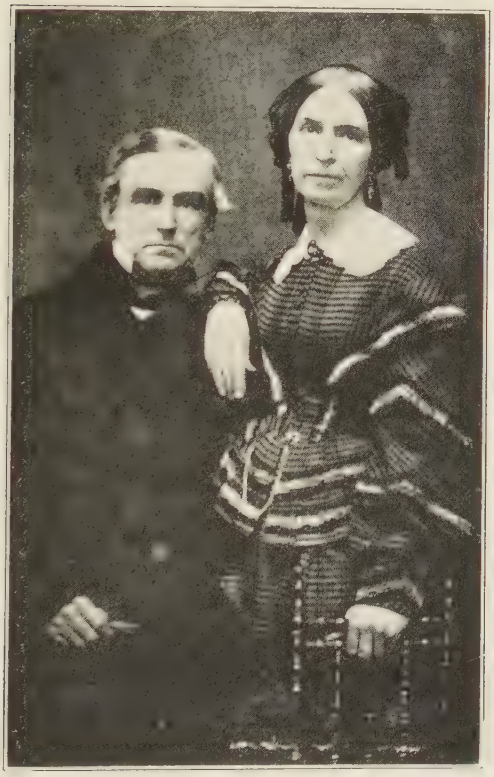
> "MARINE BANK—The bills of this bank, the first issue under the General Banking Law, made their appearance on Saturday, April 17. The plate is a very fine one and will not be an easy one to counterfeit."

Among the strong financial institutions of Chicago in the fifties was one known as "Swift's Bank" of which the proprietors were R. K. and Lyman P. Swift and J. S. Johnson. This bank did an extensive business at the corner of Randolph and La Salle streets, and was a pioneer, too, in many respects. According to records left, it appears that Swift's Bank was the first to establish banking exchange with the Pacific Coast and was also the first to install a woman's department. Both of these new branches were advertised in the press of Chicago on September 18, 1849. The printed notice regarding the former service read to the effect that those making loans or discounts might contract to make payment at the office of E. & R. K. Swift in San Francisco, and have interest stopped pro rata from the date of payment there. Payments might also be made by drafts drawn on the subscriber by said E. & R. K. Swift of San Francisco, interest likewise to stop pro rata, either from date, sight, or maturity, according to the contract at the time of making the loans or discounts. The notice added that the rate of interest would necessarily be high and that most rigid scrutiny would be required. Also, the company would remit money to and from San Francisco, receive deposits of money from that city and remit to any of the leading cities in the United States, Canada, or Europe, and ship packages of goods from Chicago by way of New York and Cape Horn to San Francisco.

The notice announcing the first woman's department of any bank said that Mr. Swift would receive deposits of money from ladies at his residence—48 Michigan Avenue—and allow them one per cent more in interest on such deposits than would be given the men of the community, who were invited to transact their business at the firm's office "over Kohn's store at 111 Lake Street." According to the notice, the rates allowed men were: On certificates payable five days after demand, four per cent; ten days, five per cent; fifteen days, six per cent; twenty days, seven per cent; twenty-five days, eight per cent; thirty days, nine per cent; and forty-five days, ten per cent—provided the sums deposited by one person should exceed one thousand dollars. (Andreas: History of Chicago, I:536)



GURDON S. HUBBARD
Chicago's first Banker.



WILLIAM H. BROWN, FIRST CASHIER OF
CHICAGO BRANCH OF STATE BANK
OF ILLINOIS, 1835, AND WIFE

Until 1852 all banking in Chicago, whether legal or illegal, had been conducted purely for profit. Now, however, a new element came in—that of idealism. It was introduced by Seth Paine, a native of New England who had come west in 1834. Paine had hired out with a number of firms in succession and in time came to be a heavy owner and one of the managers of the Illinois River Bank—an unchartered institution at La Salle. In spite of his rather rapid rise from a penniless state, Paine's radical tendencies soon led him to assume that all banking businesses were run on a dishonest basis. So, in 1852 he, together with Ira B. Eddy, set up the "Bank of the City of Chicago" which, according to a prospectus issued, was to be a Christian bank, run on idealistic and ethical principles. Toward the capital of the new bank Paine contributed about eleven hundred dollars and Eddy is credited with having put in some four thousand dollars. Never in the history of the institution did the capital stock exceed six thousand dollars, but supposedly men who sympathized with Paine had money and stood ready to give the bank a strong financial backing. For a few weeks after opening, the bank did a quiet business with respectable citizens who were fully in accord with Paine's ideals for banking, but it soon developed that the "isms" and "hobbies" he followed were so extremely radical and so closely united with the affairs of the bank that the institution could not be otherwise than the laughing stock of the community.

First of all an organization called Harmony Hall, which was the headquarters for a set of spiritualists of whose church both Paine and Eddy were prominent members, was established over the bank and church affairs soon became so involved with those of the bank that it was sometimes difficult to tell just where the dividing line between finance and spiritualism could be drawn. Next, Paine began to issue a paper called the "Christian Banker" in which he still further involved the affairs of Harmony Hall with those of the bank and, consequently, had soon discredited the bank in the eyes of all except followers of the spiritualistic cult. Even some of these must have been disgusted at times with the bold way in which Paine attacked his competitors. Nothing seemed too unrefined to print where prominent financiers and other business men of the city were concerned. Finally, these attacks became so violent and the bank's ties with spiritualism so firm that many people believed Paine had gone mad and therefore refused to accept any of the bills of his bank. As soon as put into circulation, his bills were promptly re-

turned for redemption. Even though Paine's circulation never exceeded four thousand dollars, the bills returned so rapidly that he found some difficulty in meeting the demands for specie payments. Paine had intended to make his circulation a great source of profit and happiness to the community. Instead it had become a tremendous annoyance to himself. The community had entirely discredited it as a medium of any value.

Soon a crisis was reached in which something had to be done to save the bank, and what better for a man such as Paine than to turn to his spirit advisors? The "High Priestess" of Harmony Hall, who was the medium through whom all messages came, was called down to the bank and enshrined in the banking room; there, claiming to have contact with the spirit of Alexander Hamilton, she advised the bank on every minute detail. When notes were presented "Alexander Hamilton" was consulted as to whether or not the holder were worthy of receiving specie payment. Mr. Hamilton denied this privilege to all smokers, drinkers, and competing bankers. His dictates were final and, to make them doubly so, a band of spiritualists stationed at the door added material assistance to the spiritual dictates in the cases of any who showed signs of making trouble. This state of affairs went on until February, 1853, when the whole corps of the bank, including medium, officers, and guards, was arrested. The bank never again resumed business sufficiently to be a disturbing factor. It did pay every one of its bills and all debts. Paine retired to a farm after a short period of continual protests through the "Christian Banker."

By the time the Free Banking System was adopted by the state in 1851, Chicago had become not only the leading banking center of Illinois, but of the west as well. Between the passage of the law and the panic of 1857 the following banks were organized in the city under the laws of the state:

The Marine Bank of Chicago, chartered January 13, 1852, J. Young Scammon, president; Edward I. Tinkham, cashier. Paid-in capital, $150,000. Circulation, $99,044.

Bank of America, chartered July 19, 1852. This was a proprietary bank owned by George Smith and Elisha Willard—a re-organization of George Smith and Company. Paid-in capital, $50,000. Circulation, $50,000.

The Bank of Commerce, incorporated in May, 1852. Alfred W. Davison, president; Thomas McCalla, cashier. Paid-in capital, $52,000. Circulation, $50,000.

The City Bank, chartered June 26, 1852. Owned by Bradley and Curtiss. Capital, $200,000. Circulation, $59,994.

The Chicago Bank, incorporated July, 1852. President, Thomas Burch; cashier, I. H. Burch. Paid-in capital, $59,501.29. Circulation, $53,997.

The Exchange Bank, organized in January, 1853. H. A. Tucker, president; Hamilton B. Dox, cashier. Capital unknown. Circulation, $49,995.

The Union Bank, organized August 18, 1852. Paid-in capital, $50,000. Circulation, $49,995. Owned largely by Forrest Brothers and Company.

The Farmer's Bank, organized December 25, 1853. Owned by Chase Brothers and Company. Capital unknown. Circulation about $50,000.

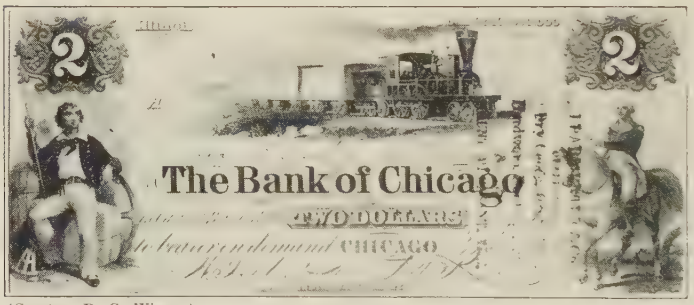
The Phoenix Bank, organized in 1854. Owned by N. C. Roe and Company. Circulation, $50,000.

Merchants' and Mechanics' Bank, organized February, 1852. Levi Boone, president; Stephen Bronson, cashier. Capital $100,000. Circulation, $54,700.

While financial storms of 1856 forced some of these banks to close and some met with other disasters, no material loss ever came to the holders of their bills. As a result, the law under which they had been organized continued to grow in popular favor until the war in 1861 destroyed the very basis upon which the banks were founded and later forced an abandonment of all banking under state laws.

In addition to the banks operating under the state law of 1851, there were in Chicago a number of strong financial institutions among which were the Butchers' and Drovers' Bank, located at the corner of North Water and North Clark streets and then the only bank on the north side of the Chicago River; the Metropolitan Bank, which was purely a bank of deposit, run by Gurley and Farlin; and Swift's Bank, of which previous mention has been made. Among savings institutions, those which were most prominent in Chicago were the Chicago Savings Bank, the Dollar Savings Bank, the Dime Savings Bank, and the Marine Savings Bank. The last named was a department of the Marine Company. In 1855-6, John Kinzie, who

had been president of the first bank established in Chicago, organized the Illinois Savings Institution. He acted as president until 1859 when he was succeeded by John C. Haines. In 1857 the Merchants' Savings Loan and Trust Company was organized and survived the vicissitudes of war and disaster many years after any other bank organized in this period.



(Courtesy D. C. Wismer)

SETH PAINE'S BANK NOTES

CHAPTER VIII

DESTRUCTION OF ILLINOIS BANKS

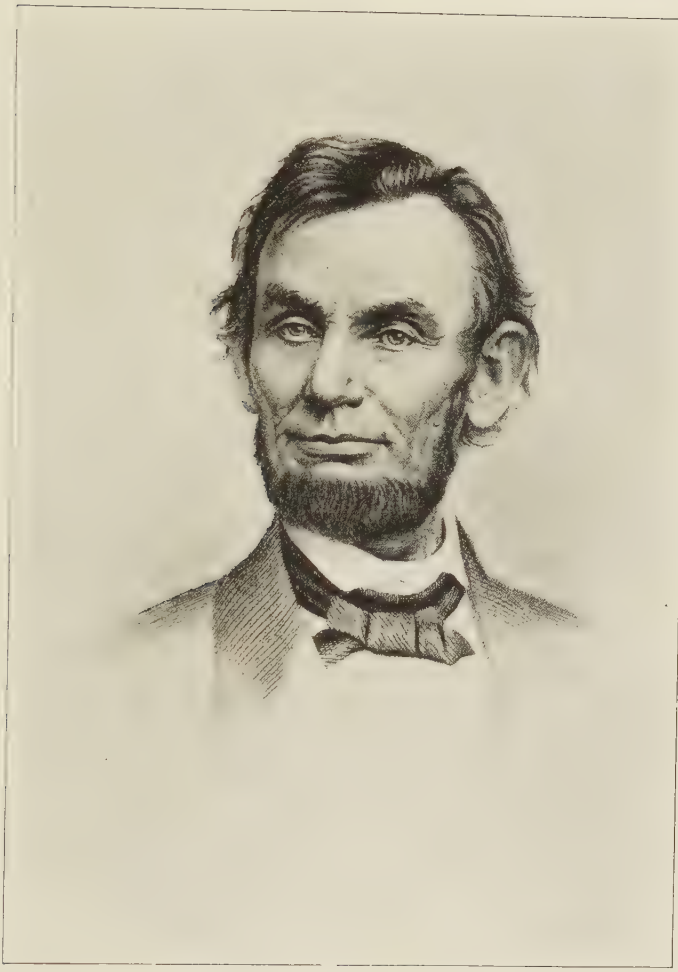
Status of banks in 1860—Depreciation of Southern securities after election of President Lincoln—Civil War—Banking amendment of 1861—Adjustment to war conditions—Local currency replaced by government notes—Suspension of state banks—Taxing local currency out of existence—Loss of confidence in banks of Illinois—Expulsion of 32 banks from redemption list—Continued depreciation of bonds securing currency—Varying values of circulating currency—Counterfeiting—Efforts to keep bank notes in circulation—Suggestions for banking reform—Liquidation of the Marine Bank of Chicago—Values of state bonds in 1862—Official statement of Illinois' banks in 1860—Attempt to establish new banking law—Anti-bank provisions in constitutional convention of 1861—Increasing wealth in Illinois—End of state banks.

When the year 1860 was reached, good business prevailed but the panic which had begun its sweep across the United States in 1857 had reduced the number of banks in Illinois to seventy-four. In the whole country there were only sixteen hundred and forty-two banking institutions reported while among the western states only Wisconsin with one hundred and eight and Indiana with ninety-seven had more banks than Illinois. Of these seventy-four banks in Illinois, more than half were banks of circulation only and many of them did no business in their nominal location. The situation is aptly portrayed in one of George Ade's writings in which he describes the bank that promoters established in his Indiana home town—a place so small, remote, and hard to find that it was entitled to a bank, "So the Bank of America was founded," says Mr. Ade. "The founders might have called it the Bank of the Western Hemisphere or the Bank of the Solar System, but they preferred to be modest. They deposited certain collateral with the state treasurer and then they floated seventy-five thousand dollars' worth of notes, redeemable only at the bank of issue. These notes went into circulation and finally one bold explorer went across the prairies on horseback and discovered the town of Morocco and inquired about the bank and demanded money on his notes and made so much trou-

ble that the bank went out of business. The bankers said it was no use trying to keep a bank open if people insisted on coming in and asking for money on their wild-cat paper." (Regarding Banks—Then and Now—A preface to "The Making of a Trust Company" by William T. Cross, published by Chicago Trust Company, 1923.)

At this time (1860) the bank circulation in Illinois amounted to forty dollars for each one dollar of specie in reserve. Furthermore, this single specie dollar also was expected to give some protection to any deposits that the banks of the state might have. Throughout the whole country it was generally recognized that Illinois did not use a currency having a specie value. Even in Chicago it was hard to buy gold. From time to time plans were made for the redemption of the currency afloat, but usually these were limited to the redemption of notes in exchange upon the issues of some more fortunate state. No wonder elaborate tactics, such as Mr. Ade described, had to be resorted to!

The papers of the day gave much space to demands for improvements in the banking system. On January 5, 1860, the Chicago Tribune carried an editorial which said that the currency of the country had improperly and unconstitutionally fallen into the hands of state legislatures until the establishment of a bullion bank had become an impossibility. The editor urged that some private individuals with the necessary wealth and a proper public spirit set up a "Bullion Savings Bank" with sufficient capital to protect depositors and secure public confidence. In this bank capital would be subscribed in coin and no deposits would be received except in coin. In time perhaps this plan would enable the masses who owned coin to receive interest thereon instead of the indirect tax they were now paying because of the drain of the existing money system. To obviate the necessity of dealing in much bulky coin, this bank might be permitted to issue certificates of indebtedness in denominations as small as twenty dollars. To keep the coin in circluation, loans of long duration would not be made. Then, having made all these suggestions, the newspaper made the most important point of all—that this new bank would have a capital, which those then in existence did not really possess. Under such safeguards, it said, a bank with deposits of one million dollars could be developed in Chicago with much profit both to the community and to the owners of the institution. As a final plea for the establishment of such a bank, the Tribune urged that, if no public spirited citizen could be found



ABRAHAM LINCOLN

to consider the undertaking, the City of Chicago herself go into the banking business for the benefit of her trade.

This was the banking situation in Illinois—a system not by any means beyond criticism, but yet a system that had managed to weather the storms of 1857—when in 1860 Lincoln was elected to the presidency of the United States. The Free Banking System, adopted by Illinois, was then in more or less successful operation in thirteen states: New York, where it was established in 1838; Michigan, 1849; New Jersey, 1850; Virginia, 1851; Illinois, 1851; Ohio, 1851; Indiana, 1852; Tennessee, 1852; Louisiana, 1853; Wisconsin, 1854; Missouri, 1856; Iowa, 1858; and Minnesota, 1858. On the whole, however, the principle cannot be said to have worked out well except in New York where years of alterations were required to put it into satisfactory operation. Of all these states only New York held a larger amount of stocks securing her circulation than did Illinois—but New York, Louisiana and Virginia all issued more currency than did Illinois.

At the time of the presidential election, business was so good that the banks had increased their circulation and inflated currency until the state of Illinois had an aggregate circulation of $12,320,694, secured by deposits of United States and state securities with a par value of $14,000,000. Of this amount $9,527,500 consisted of bonds of the southern states. (Andreas, History of Chicago, II: 619.) Immediately following the election, the credit of the south began to diminish. Large deposits held by that part of the country in northern banks were suddenly withdrawn, which together with the depreciation in southern securities threatened financial chaos for Illinois. At first the banking interests reacted conservatively and even recommended losses on their own part to pacify the south—an important decision, since their circulation was dependent on the marketability of southern bonds. No effort, however, could prevent the oncoming storm. On December 20, 1860, South Carolina seceded and by the beginning of 1861 general secession had become a settled fact. On February 4 the Southern Confederacy was formed and on April 12 the first shot of the war was fired at Fort Sumter.

The General Assembly attempted to adjust the banking system to these new conditions by enacting an amendment, on February 14, 1861, which provided a central redemption system and quarterly reports, and restricted securities which might be deposited with the state auditor against circulation to the issues of the United States

and the state of Illinois. The banks acted upon this fairly quickly so that by the end of the year the bulk of their holdings in the hands of the state auditor complied with the new amendment.

After southern securities had declined considerably, a number of bankers—particularly in Chicago—realizing that a state of war with the south was pending, refused to accept the circulation of any banks on which the state auditor had made call for additional bonds. In making such call, it was customary for the auditor to allow forty days of grace, but, considering the rapidity with which some state issues were dropping in value, conservative bankers knew forty days to be too long a period to be trusted with continued circulation against these bonds. Since at the same time the issues of nearly all northern states were likewise depreciating, to foreclose on the banks under call for southern paper was certain to involve large numbers of those holding the issues of other states as well. Adjustment to the new amendment of 1861 could not therefore be made even in the forty-day limit. Thereupon, it was provided that sixty days of grace might be allowed and that if deposited securities which had been below par for two years were exchanged for those which had been maintained at their par value for that length of time, notes up to the full face value of the latter could be issued up to September, 1861. After that date the usual ten per cent margin between notes and securities was to be required. Also, it was provided that, instead of further upsetting the bond market by selling securities in order to redeem notes with specie, the state auditor might redeem them directly with bonds. Redemption through central agencies at Chicago and Springfield was to be made at a discount of not more than three-quarters of one per cent during 1861 and after January 1, 1862, at not more than one-half of one per cent. Banks in operation before the passage of this act were not required to meet the central redemption clause, but those organized afterward must have such facilities.

According to the act, people protesting notes of banks using an agency could obtain only six per cent interest until the notes were paid instead of the twelve per cent customary otherwise. Any bank might increase its circulation as much as desired by simply depositing more Illinois bonds with the state auditor, who would then provide the bank with circulation up to the par value of bonds which as the war progressed rapidly dropped to a market value of far less than par. This provision, according to the Chicago Tribune of Au-

gust 12, 1861, made the law just as good for "wild cats" as for those banks which wished to promote a legitimate business. Each six months the banks were required to give a complete list of stockholders and their holdings, and quarterly statements from the governor and commissioners were demanded which were to show the value of securities on deposit. It was also provided that notes for more than three times the capital stock of a bank could not be issued—but it must be remembered that the capital stock was not required to be paid up in full. Also provisions were made against troubles experienced, particularly in the southern part of the state, with banks still in remote communities which issued their circulation at great distances from home, in a legislative amendment prohibiting the establishment of banks in towns of less than one thousand inhabitants, unless those towns were county seats. Charters of all banks having no bona fide officers or places of doing business were to be forfeited and lending through a third party was made punishable by forfeiture of all interest due. Regardless of whether or not the bank issued notes, a minimum bond deposit of five thousand dollars must be kept with the state auditor.

Reports of suggested amendments to the banking bill, according to the press of the time, met with the approval of business men and bankers. The situation had reached the point where many business men were thinking of leaving the state and establishing themselves elsewhere unless Illinois instituted some such banking reform. Under the heading "Timely Warning" the Chicago Tribune of January 19, 1861, asked to know why there was a flood of bank notes and no banks—why the tellers now loved to fondle such few good notes of the good old days of the Marine Bank and George Smith. In those days, according to the article, banks were founded on capital and now they were crying against an amendment which proposed to put sound bonds back of the currency as "crippling the banks." The paper then asked how it was possible to cripple a bank which had never had a president, cashier, or capital. The fact was pointed out that circulation was issued on bonds which represented borrowed money and that these very bonds, in turn, had been borrowed by some of the banks. One case was cited of a bank which, in order to start business, borrowed bonds for sixty days on Wall Street, deposited them with the state auditor and received an equivalent amount of currency, bought wheat with the currency, sent the wheat east to be sold for gold, and then paid the broker for the

bonds with the gold. "This," the Tribune added, "is your bank and this process is called 'moving the crops.'" On February 15, 1861, the Tribune reported that the bank bill had passed both houses and early in March recorded the fact that the governor had appointed a particularly efficient board of banking commissioners, so that thereafter it might be expected that there would be no more trouble with "our vicious and fluctuating currency."

Possibly this amendment might have remedied a situation in which such large amounts of notes of little worth were in circulation and in which no one knew from day to day the value of his money, had it received a fair trial. However, government needs soon put greenbacks and, then a little later, national bank notes on the market, and these soon displaced local currency. By 1862 the state auditor's report showed only sixty-two banks remaining. Two years later there were only twenty-three, with ninety-eight suspended up to that time. In 1866 the federal tax on state bank notes drove most of the currency, which until then had persisted, out of circulation and by 1869, according to the state auditor's report, there were only $531 in bank notes outstanding in the state.

In March, 1861, at which time twenty-two banks were to make good the demand of the commissioners for more security to cover their notes, seventeen with a total circulation of $2,726,795 were unable to comply and were placed in liquidation. By now southern states were seceding one at a time and their bonds were declining more and more rapidly in market value. The bonds of Missouri, which on April 1 were quoted at sixty-seven cents on the dollar, were worth only fifty-one by the seventeenth and their future prospects were growing steadily less attractive. By the end of April Chicago bankers, who had previously carried the bills of a large number of Illinois banks whose bonds securing their currency had depreciated, made a list of thirty-two which they felt could not be carried any longer unless the deficiencies were speedily made up. This decision was really brought about by a citizen who circulated an article entitled "Stand from Under," warning the people of the state against taking the notes of these thirty-two banks. Immediately the issues of these banks flowed into the offices of Chicago bankers for redemption in such quantities that it seemed the bankers would soon have millions of them on hand. Since the southern bonds securing these bills appeared not likely to rise in value, the bankers could not well undertake the risk of holding large quantities of

(Courtesy of H. E. Barker, Lincoln Collector, Springfield, Ill.)

THE STUMP TAIL GUARD WHO CANCELLED WILD CAT MONEY

Top row, left to right: William Ridgely, Orson Smith, P. H. Burt, John W. Bunn, Alfred Spink, C. H. Philbrick, John B. Adams, E. P. Harris, H. L. Davis.

2nd row: M. V. Hall, O. H. Miner, Col. Hall Wilson, E. F. Leonard, W. H. Marson. In front: Noah Divilbiss. Photograph taken in 1867.

this currency and so were forced to discredit it, even at a greater loss to themselves than to their depositors. In addition to these thirty-two, nine others had been previously thrown out and the situation which now developed was subsequently referred to as an "era" in the financial annals of Chicago.

As this decision of the banks was reached on a Saturday and was not to go into effect until the following Monday, owners of discredited notes were given a day or more in which to unload their holdings on unsuspecting individuals who had not yet heard the bad news. It is said that in his haste to get rid of the useless bills, every debtor hurried to his creditors to pay his debts with them. One story is told of a man who sold wheat before the news came out, taking in a thousand discredited bills. When he discovered how useless was the money he had received, he went back, told the person to whom he had made the sale that he had been overpaid, and wanted to return all the money and be paid again. The buyer of the wheat, however, was far too clever to be taken in by such tactics and refused, saying that he had never yet made a mistake in counting money and that if he had done so now he would be a good enough sport to let it pass, as the lesson was worth a few hundred dollars to him. Everywhere men rushed about, madly trying one means or another for disposing of their discredited bills, until it seemed that everybody in the city had his hands full of hot chestnuts which he could not wait to pass on to another, lest he be burned by them.

The monetary column of the Chicago Tribune of April 2, 1861, immediately after the discrediting of these banks, listed all banks in the state and showed that there were then sixty-four doing business with their notes still accepted, while thirty-nine were doing business but with their notes in disrepute. In all, there were one hundred and three banks in the state. According to this list, already a number of the recently rejected thirty-two had managed to make good their deficits and had returned to good standing. The same paper urged people to watch the quotations on bank notes with great care and select for their own use only those listed at par; of the one hundred and three issuing paper, only twenty-six were then able to meet this desired requirement.

Outside Chicago such discredited notes were sometimes accepted at fifty cents on the dollar while the paper of other banks circulated as usual. General financial disorder reigned and uncertainty became so great that exchange on the east not only rose rapidly but,

what is worse, varied in price according to the bills offered. New York exchange quickly reached a premium of twenty per cent and showed signs of going higher. By May 15, Missouri bonds had fallen to thirty-five cents on the dollar, Tennessee to forty-five, and Virginia to forty-three. Currency became so variable as to be of little use as money. The bills of banks backed by northern securities, or those of banks which had made good their bond deficits, retired from circulation, driven out by those of the less stable banks. The poorer bills flooded the country and it became necessary for daily bulletins to be issued listing bills according to their present worth in terms of exchange and specie. According to these valuations, circulating bills were worth anywhere from twenty per cent to par. Besides, the railroads, the lumbermen, the board of trade, and other groups also issued lists showing the current value of bills no two of which lists agreed. No matter how often such tables might be published, currency fluctuated so rapidly that they could be of little use. No holder of bank bills knew from one day to the next how much he was worth. Bills quoted as bankable one day were thrown out the next, and no one could tell when he lay down at night whether or not he would have enough current money in the morning to pay for his breakfast.

The situation now prevailing in Illinois was in general typical of the country as a whole. At the time of the outbreak of the Civil war there had been sixteen hundred banks in the country, each issuing notes of different size and design. The smaller banks, in particular, could not afford plates of sufficiently intricate design to prevent counterfeiting, and even had they been so protected, with sixteen hundred kinds of money afloat, no individual could ever know whether he had a real note or a fraudulent one. Therefore a publication known as the "Bank Note Detector" was an ever present necessity to the merchant and banker. Many of these "detectors" were published, each describing the distinguishing characteristics of more than a thousand issues and giving the details of any counterfeits or alterations and of the issues of fictitious banks. This, however, was not description enough, and certain earmarks—which also could be artificially given to fraudulent notes—were relied upon to a great extent. If a note were well worn it was more readily acceptable than otherwise, as this indicated that others had found it acceptable. If full of pin holes it was more than ever to be relied

upon, for this indicated that it had gone through a number of banks and had passed muster after a careful inspection.

On April 29, 1861, the state auditor published a record of the bonds which he held against circulation in the state. This showed $3,988,596 in northern securities and $3,598,000 in southern issues against a circulation of $6,000,000. According to press reports in Chicago, this showing was as good as that of any other state in the Union. But, no matter how good it may have been by comparison, the situation was a perilous one, and to save it the bankers of Chicago agreed mutually to take all bills of a certain approved list of banks and circulate them as money for all purposes. On May 14 the business men of Chicago agreed to accept this same list of bills and no others, so that trade might be kept near Chicago instead of giving it to the east where money was generally more acceptable. In spite of their decision, within two weeks' time the business men found that such an agreement would only bring about their speedy ruin. They repudiated it and tried accepting all Illinois currency at whatever price it would bring in New York exchange. This effort likewise proved unsuccessful, as nobody would give coin in exchange for bank notes and those depositing them were required by the banks to be paid off again in the same kind of paper.

Business men of Springfield, meantime, would not accept the notes of any banks except those which had deposited northern state bonds with the state auditor. These loyal merchants quickly learned that paper money then in circulation was far too unreliable for their purposes and they demanded thereafter that only specie be accepted for all transactions. Already, Chicago had become the financial center of the northwest and her business men felt that, even at a sacrifice to themselves, her money must be kept on a sound basis. After this, money became so scarce that specie was forced out of hiding and into circulation. Large numbers of bank notes were entirely discredited but, even so, the reduction of circulation did not greatly affect business, as it, too, had so diminished in volume as to be carried on with such Illinois bank notes as were still in good standing, together with those of Indiana and Ohio banks in circulation in the state. By July of 1861 the people of Chicago were asking for a bank conducted on a specie basis. In an editorial on July 3, the Chicago Tribune expressed the opinion that the state no longer wanted a step-mother to forty orphan banks in southern Illinois, Wisconsin, or Georgia. The merchants of the city were being tor-

mented with the perpetual difficulties of exchange, all of which could be overcome if only there might be established a bank that did not deal in paper money. "The name of 'bank,' " the Tribune said, "has become a reproach in Illinois, the idea is offensive, and people wish to abolish all banks. This is not as it should be." Banks of the state were accused of being, not banks at all, but "debt factories" and an attempt was made by some to put the blame on England for herself establishing a system permitting the issue of obligations to pay money on demand when it provided no money with which to pay them. England's "crime" in this regard was not that she imposed her banks on Illinois, but only that she had set an example which the state had seen fit to copy! Whoever may have been to blame, the banking system of those days was indeed crude. To compare the published statements of the banks of 1861 with those of today gives one an insight into some of the reasons why the banking system before the Civil war was not able to stand up under any considerable strain; such statements showed only a list of bonds held by the state auditor against circulation and gave the total of circulation outstanding. Few of the banks did any business other than the issuing of paper money.

No sooner was there talk of a specie bank than men of still wider vision began to urge one which should deal in nothing but gold. This, in turn, was objected to because no one would want to carry about quantities of heavy gold. The Tribune of July 11, 1861, actually gave weights of various amounts of money in gold to convince the doubters that sufficient bullion to transact business could be transported with comparative ease; also, the paper suggested that even with a bank entirely on a gold basis, a system of checks could be used. But before there had been much time in which to urge a gold bank, there arose a demand for the "good old days" and another George Smith who could build another bank on a capital basis and with a properly conservative management. The sweeping away of the capital of commercial interests of the state in the collapse of the banking system was recognized as a calamity to the commerce of the west, as it resulted in driving all the business which had formerly been handled through Illinois banks into the east. By now the Illinois banking system was quoted by the press of other sections of the country as a "horrible example" of the disastrous and widespread effects of the failure of local banking systems.

(Courtesy Central Trust Company)

CHICAGO: CLARK STREET BETWEEN LAKE AND RANDOLPH, 1857

CHICAGO CHAMBER OF COMMERCE, 1861

Even so strong a bank as the Marine of Chicago was unable to cope with the situation and on July 8 it advertised that, owing to the depression of bonds which secured circulating notes, both it and the Chicago Marine and Fire Insurance Company had decided to go into liquidation; the advertisement stated that these institutions had assets sufficient to pay all debts. In the year 1861 there were ninety-one commercial failures in Chicago and three hundred and fifty in the state outside of Chicago. The following year there were seventeen in Chicago and one hundred and fifteen throughout the remainder of Illinois. Whereas in July, 1860, Illinois had had a currency of twelve millions in active use, a year later this, which the press chose to term an "enormous amount," had all been destroyed for practical purposes.

Notes for redemption poured into the office of the state auditor at such a rate that on at least one occasion he had to close his doors until the accumulation could be counted, cancelled, and burned. Soon the notes of only a very small group of banks in good standing were accepted by the public and banks no longer paid local paper over their counters. According to the state auditor's reports of the time, on April 1, 1861, there were $11,107,600 in bank notes outstanding, while by October 1 this amount had been reduced to $3,507,686. By that time the number of solvent banks in the state amounted to only seventeen and in November the auditor called on two of these to add bonds against their outstanding circulation. On January 1, 1862, only three of these banks had notes on a par basis—they alone were able to comply with all the requirements of the law. In November, 1860, there had been one hundred and ten solvent banks with a circulation of $12,320,694, while just two years later the total circulation of the state amounted to only $566,163.

Many of these difficulties had doubtless been brought about by that original flaw in the law which permitted circulation to be secured by any issues paying six per cent regularly. Naturally, the banks bought southern bonds which sold cheaply and still complied with the legal requirements. As the war situation reduced the market value of some of these to less than half their par value, it also dragged down markets on northern issues and those of the United States government until in his report to the constitutional convention of 1862 the state auditor showed the following prices to prevail for issues of various states:

Tennessee	42 per cent of par value
Illinois	80 per cent of par value
North Carolina	60 per cent of par value
Missouri	42 per cent of par value
Georgia	67 per cent of par value
Ohio	91 per cent of par value
New York	100 per cent of par value
United States 5s	79 per cent of par value

In spite of the situation, those banks which liquidated did so in such a manner that they managed to pay an average of nearly sixty per cent on their currency and the apparent loss to the community amounted in all to only about three million dollars. The following table gives an interesting comparison of the securities held by these banks both before the amendment of 1861 and after it had gone into effect:

Official Statement of Illinois State Banks on November 30, 1860

Southern Securities		Northern Securities and Specie	
Missouri 6s	$3,026,000	Ohio 6s	$ 284,854.96
Tennessee 6s	3,321,000	Iowa 7s	91,000.00
Virginia 6s	1,284,000	Michigan 6s	442,000.00
Louisiana 6s	507,500	Michigan 7s	50,000.00
North Carolina 6s	888,000	Minnesota 8s	140,000.00
South Carolina 6s	100,000	New York 6s	282,000.00
Georgia 6s	335,000	United States 5s	19,900.00
Kentucky 6s	66,000	Ill. & Mich. Canal	531,618.86
		Ill. New Int. Imp. Stk.	323,238.27
		Illinois 6s	1,418,000.00
		Specie	42,861.00
	$9,527,500		$4,452,473.09

Securities Held by Solvent Banks in November, 1862

Illinois 6s	$692,279.52
United States 5s	15,000.00
Ohio 6s	6,000.00
Missouri 6s	4,000.00
North Carolina 6s	2,000.00
	$719,279.52

(Andreas: History of Chicago, II:621.)

By the end of July matters had begun to improve to such an extent that several new banks were opened—some connected with leading

firms in other states—and J. Young Scammon had re-established the business of the old Marine bank which had recently gone into liquidation. E. I. Tinkham was supplying Chicago with a clearing house and produce men were securing sufficient accommodations for their needs in the east.

In 1861 the legislature had attempted to establish a new banking law modeled on the laws of Indiana and Ohio. Illinois seems to have lost all hope of a thorough reform of her own free banking system and a few bankers urged that the system of states that had been successful be taken over bodily. In Indiana the state was divided into banking districts with all banks successfully controlled by one central institution. In an effort to imitate this system an act was passed on February 20, 1861, providing for the "Union Bank of Illinois." This bank was to exist for twenty-five years, after its charter had been approved at the next election. Capital was not to exceed ten million dollars and each branch bank was responsible for the debts of every other branch. A maximum interest rate was fixed at seven per cent. The system was to be known as a "specie system" as opposed to the "stock system" then in use. Demand notes were to be safeguarded by the single provision that they should not be issued in excess of twice the amount of paid-in capital. (Laws of Illinois, 1861, p. 53.) There was a great deal of agitation against this proposed law through the press. Editorial writers claimed that the people of Illinois did not want a bank such as the state of Indiana had. At least the Illinois law was based on security and not on just the ordinary honesty and stability of the men who run banks. There seemed to be no doubt on the part of all that the Illinois law was not satisfactory, but many still believed that it could be suitably amended. To improve an existing system gradually seemed to them to be far better than to upset even the little that remained in order to establish an entirely new system.

When the proposed law was put before the people at their general election the following November, business was better than it had been for some time and people felt reluctant to commit themselves any further on the subject of banking. Consequently, the bill was voted down. There still remained a few banks under old charters, but their circulation was so small as to be negligible.

The legislature of 1859 had asked a referendum on the question of calling a convention to frame a new state constitution. This was voted for in 1860, and in August of 1861 a convention for that pur-

pose met at Springfield. This seems largely to have been propaganda on the part of the Democrats who were rather strong in the state and greatly opposed to the Republicans who were in power. Also the Democrats objected to many of the policies of President Lincoln and in some way hoped to attain their ends in this respect through the constitutional convention of Illinois. However, when the committee was appointed to make the revisions, it seemed to lose courage and no very sweeping changes were made. Such as were, however, included an anti-bank provision and adopted a resolution instructing the state auditor in the meantime not to issue circulating paper to any but specie-paying banks. The anti-bank provision stipulated that no bank was thereafter to be created in the state—nor was any other institution of any sort which might do a banking business—and the General Assembly should have no power to pass any laws whereby the charters even of existing banks might be enlarged, extended, or renewed; it attempted to curb note issues by providing that no written or printed instrument for the payment of money on or drawn by any banking corporation of a smaller denomination than ten dollars should be uttered or passed within the state, nor might that of any denomination be uttered or passed unless the bank on which it was drawn redeem its circulation in gold and silver. After 1864 this minimum note was to be raised to twenty dollars and in 1866 the issuing of notes should stop entirely. Members of the committee put themselves on record as believing that gold and silver, together with the new United States notes, would be ample without any local paper, and added that patriotism demanded all local bank paper be retired in favor of the circulation of government notes. To enforce the ruling about the issue of private circulation, elaborate punishment was provided for all who should violate the clause. The general feeling toward banks by that time was again indicated by the vote cast on the constitution. While the document as a whole was rejected by the people of the state at the special election held on June 17, 1862, the section prohibiting banks was rejected by a smaller majority than were many other provisions of the document.

After the defeat of the measures for a Union Bank and also for the new constitution prohibiting banking, Illinois for a time continued with banking facilities so inadequate as to be almost negligible. The various articles considered suitable for circulation as money were usually such as were found on the collection plate of a Wabash

(Courtesy Central Trust Company)

STAGE COACH ARRIVING AT THE SHERMAN HOUSE, CHICAGO, ABOUT 1860

Avenue, Chicago, congregation on Thanksgiving Day, 1862. The list was taken just as the collection came from the plate and consisted of the following:

1	Two-dollar bill	$ 2.00
11	One-dollar bills	11.00
9	Fifty-cent postal currency	4.50
16	Twenty-five cent postal currency	4.00
19	Ten-cent postal currency	1.90
16	Five-cent postal currency	.80
1	Patent postage stamp	.10
2	Ten-cent postage stamps	.20
3	Five-cent postage stamps	.15
25	Three-cent postage stamps	.75
12	One-cent postage stamps	.12
3	Silver dimes	.30
5	Silver half dimes	.25
2	Three-cent pieces	.06
9	New coppers	.09
4	Old coppers	.04
4	Grain inspection tickets	.40
1	Joliet bank ticket	.25
4	Walker omnibus tickets	.20
25	Chicago railroad tickets	8.75
1	Chicago railroad ticket	.15
2	Chicago railroad tickets with 4 holes	.20
2	Chicago railroad tickets with 3 holes	.30
2	Chicago railroad tickets with 2 holes	.30
1	S. T. X. Bitters ticket	.00
	Total	$36.81

The banking situation in the west had never been as stable as in the east—largely because bank managers in the east exerted some real effort toward eliminating the type of banker who would take advantage of flaws in banking laws so that he might do an unethical business for his own profit. On the whole the banking laws of Illinois probably had been no worse than those of many states enjoying a widespread banking credit. The Chicago Tribune of July 3, 1861, quoted an article which had recently appeared in the New York Post and in which comment was made on the singular situation in Illinois—a state with an actually sound financial system, doing business strictly on the sub-treasury plan, and yet having a reckless and pernicious currency. According to the Post, this situation explained

the hesitancy of the east and other parts of the country in taking not only the currency of Illinois, but also the million dollar war loan which she was then trying to float. How, it asked, could a state with a currency so rotten that it would not hang together for four consecutive years, be relied upon to pay either principal or interest on a loan? Also, what could be the financial stability of a state which had just lost three to five million in "wild cats"? Could it be trusted with good money? Was it not receiving "shin plasters" for taxes along with the other states of the west?

Since southern exports were cut off, products of the north and west had to be substituted for them. In Illinois there was even established an agitation to the end that cotton might be produced in the southern section. It seems that years before a cotton crop had been tried in Illinois and found fairly successful, but as the best grades could not be raised so far north, cotton was abandoned in the state for more profitable crops. After the outbreak of the war, new tests were made and the variety best suited to the climate of Illinois selected. However, the farmers of the state seem to have found an outlet for their patriotism in other ways, and it is probable that no very extensive harvest was ever secured. Even without the substitution of cotton, however, the great demand for her other products made Illinois one of the most wealthy states in the Union. This situation is interesting in view of the message from the governor dated some twenty years earlier in which he said that there was not enough money in the treasury to buy candles so that the Assembly might hold evening sessions, and that there were official letters at the post office but no funds with which to get them out.

With the prosperity that came to the state in 1862 the courage of bankers began to display itself once more, and in the last half of that year five new banks were organized under the general banking law as amended in 1861. This somewhat increased circulation in the state and, while it is probable that these banks might have done very well under the amended law had times been normal and the trial given them fair, under conditions imposed by the war it was impossible for the law to be given a proper test. These banks struggled for a time, first competing with abnormal conditions, then with national banks, and finally, in 1866 when a ten per cent federal tax was put on state bank notes, practically all banks of issue found it best either to retire from business entirely or to reorganize in a way that would conform with the new law.

CHAPTER IX

ILLINOIS AND THE NATIONAL BANK ACT

Support given the War by banks of Illinois—Condition of Federal finances at outbreak of the War—Need for taxation—Flotation of state bonds—Banking talent in Illinois—Suspension of specie payments—Wealth of Illinois—National debt situation—Trent affair—National loan from eastern banks—Issue of "greenbacks"—Controversy over "legal tenders"—Postage stamp and fractional note currency—Acceptance of government notes in Illinois.

During the war all the banks of the state of Illinois were loyal to the national government and their support of President Lincoln greatly encouraged him in his tremendous undertaking. When the call to arms came, Jacob Bunn, N. H. Ridgely and Company, and the Marine and Fire Insurance Bank of Springfield offered Governor Richard Yates one hundred thousand dollars with which to get soldiers on the field. Shortly the banks of Chicago followed with an offer of five hundred thousand dollars which was immediately supplemented by others from business men in all parts of the state.

For the first four months of the war the national government had no money to spend, nor had it any sound financial policy. In July, 1861, Congress authorized a loan of $250,000,000, but failed to pass a satisfactory tax law which might give those supporting the loan some hope of its ever being paid off. Consequently the bonds found no ready market. Enormous purchases had to be made, however, so Congress authorized expenditure after expenditure and loan after loan, little troubling itself over the manner in which all this money could be secured. To conduct the war at all, it became necessary for states, cities, banks, and individuals to step forward with required funds until in four months' time more than one hundred million dollars had been advanced so that sufficient troops might be set afoot. At its next meeting Congress sanctioned and legalized these expenditures and voted for many more similar ones, but did nothing to provide the necessary taxation with which to repay these debts and meet

the new ones authorized. During the first year of the war the government spent money at the rate of $2,200,000 a day without levying a single dollar of tax. (Hunt's Merchants' Magazine, Vol. 46, March, 1862, p. 582.)

In Illinois the General Assembly's committee on finance offered a bill for the issuing of bonds to provide funds for the militia. The market at the time was so flooded with similar securities that it was deemed best to put out only $250,000 of the new issue and that in one hundred dollar denominations bearing six per cent and to be sold only within the state. The bill provided for an issue of two million in all, but such great care had to be exercised in marketing these securities in order to avoid selling them at a discount that it was impossible to issue them all at one time. By 1863 the state debt report showed that Illinois had issued war bonds to an amount of $2,050,000 and, when toward the end of 1865, a bill was introduced into the House of Representatives to reimburse the loyal states that had advanced a total of $467,954,346 to support the war, it was revealed that of this amount Illinois had contributed thirty million dollars. Only the states of Massachusetts, New York, Pennsylvania, and Ohio had given more out of a total of twenty-two states to whom such reimbursements were voted. This amount, however, was only a portion of that actually provided, as large sums were also spent in the form of bounties to encourage enlisting and thereby avoid conscription.

During the war financing period, Illinois was especially fortunate in having some of the most capable banking talent of the country at her command. Chicago was already reaching that place where she was becoming a financial center for the west and early in the sixties banks were to be established there under the management of such men as Chauncey B. Blair, William F. Coolbaugh, Solomon A. Smith, Samuel M. Nickerson, George Sturges, Henry F. Eames, John DeKoven, Lyman J. Gage, Isaac G. Lombard, and Orson Smith, all of whose names were to be respectfully known to the financial world of the future.

In addition to these, a number of northerners, who had been transacting business in the South or in border states, moved into Chicago upon the declaration of hostilities. Among these men President Lincoln sought material for bringing about a lasting peace by tactfully welding the sympathies of North and South as soon as the war had ended. The President was a man of such broad vision that he set

Washington, D.C. Oct 4. 1861

Whom it may concern

This will introduce Mr. A. C. Badger formerly of Louisville, Kentucky. He is a reliable, and most worthy gentleman. and as such I commend him to all with whom he may meet—

A. Lincoln

(Courtesy A. S. Badger)

about this task shortly after the war began. Among the men he chose to handle the financial affairs of the government in dealing with the South was A. C. Badger who for many years had been a partner in the banking house of A. D. Hunt and Company of Louisville. Mr. Badger and his family moved to Chicago in 1860, where he immediately established a banking house that subsequently became one of the largest in the city. President Lincoln chose A. C. Badger because he combined an intense loyalty to the Union with a deep sympathy for the South whose people he had served for many years and among whom he was highly respected.

Mr. Lincoln's plans in this, as in other respects, were never carried out, defeated by the President's untimely death which constituted a calamity of greatest magnitude to the South. Had the President lived, his tactful ways of overcoming the differences between the two sections of the country in all probability would have made the United States a Union in sympathy as well as in fact many years before that state of affairs was actually brought about.

Until shortly after the outbreak of the war the supply of specie received by the banks of the country had come largely from Europe, but since large exports of cotton, tobacco, lumber, and other similar kindred products were cut off from the south, by 1862 specie was returning to Europe even faster than it could be supplied by the fields of California. A part of this vast amount of gold which went to Europe, in spite of the fact that there was a premium upon it, was for the payment of interest due on government and other borrowings abroad, and part of it went for the purchase of needed supplies.

With money flowing away from the country and the chief source of credit abroad cut off, it did not take long after the fall of Fort Sumter for a general depression of business in all lines to set in. Banks in the west failed for lack of ready cash and those in the east because they dared not trust such specie as they did have out of their vaults. By the end of the year 1861 the banks of New York found that they must suspend all specie payments and urged that the remainder of the country support their decision by doing likewise. For a time the west held out against such a plan. In Indiana bankers conceived the idea that if only they could continue to pay off their notes for a while, confidence would be restored and the notes would no longer be presented for payment. Therefore, they cornered what they considered to be a sufficient amount of specie, but the end

to the demand for it never came and specie payments were suspended generally.

Since the banks of the west performed practically no functions except that of issuing notes, it naturally followed that once specie payments were discontinued and the notes discredited, there could be no further banking business. Even by the middle of January, 1862, things had reached such a condition that the Chicago Tribune commented on the state of puzzlement the bankers were in. There was then no way of knowing how to make loans on satisfactory terms; if currency were taken, would the lender be willing to accept currency thirty or sixty days hence? Generally he was of the opinion that he would not be willing to receive currency at that distant date and, as a result, few loans could be made. By this time currency in Illinois consisted chiefly of the currencies of other states, a small amount of greenbacks, and such few Illinois bank notes as had not yet succumbed to the difficulties of the times. The suspension of specie payments in New York at the beginning of 1862, and the subsequent deluge of state bank bills, soon forced the few available greenbacks out of circulation and for three years bankers passed out the bills of other states, without assuming any responsibility for them, so long as anybody could be found to accept such paper.

Even by the time of the outbreak of the Civil war Illinois had grown to be a state of great wealth. From 1825 on through the year 1860 the rate of taxation remained at 6.7 mills on the dollar. In 1851 the revenue tax was five cents on the one hundred dollars. The school and interest taxes were each twenty cents on the one hundred dollars, making a total of forty-five cents on each one hundred dollars. According to tax figures, however, the valuation of property for tax purposes was not such that taxes could constitute any burden. In 1860 the state auditor's report showed a property value of only $367,227,742, while the census placed the true value of property in the state at $871,860,232. In accordance with the prevailing spirit of the new country, taxes had been consistently held down and, when existing laws regulating them automatically increased the rate, property values were nominally diminished until the desired result had again been attained. This situation, which prevailed generally throughout the country, greatly added to the difficulties found in financing the war.

It was partly as a result of this taxation policy which was generally in existence in one form or another, that the financial crisis of

1861 settled on the whole country. As now viewed in perspective it seems plainly not to have been due so much to a bad money situation, many as were its faults, as to lack of public confidence, both in the ultimate success of the war and the ability of the government to pay off the debts it was contracting. The national credit, like that of many of the states, was greatly injured in this time of great need simply because the imposition of a suitable tax was delayed from one legislative session to the next. Since Congress did not impose this tax and there was no basis on which to found a hope for the future payment of loans, it naturally followed that war issues, either state or national, could not readily be floated. The situation may be more clearly understood when we realize that at the time of the flotation of the first war bonds by the government, only a quarter of the country's expenditures were expected to come from taxes. The resulting lack of confidence was far reaching, for bank customers, fearing to trust their investment funds to government bonds and knowing the pressure being made on the banks, withdrew specie from their deposits and hoarded it rather than permit war loan investments to be made with their funds even indirectly.

The banks of the country by the beginning of the year 1862 had only $87,000,000 in specie to meet debts of $459,000,000—a currency basis far too inadequate for war needs. To add still further to the already existing lack of confidence, there next occurred the Trent affair which, for a time, brought about a situation in which war with England seemed pending.

It appears that Messrs. Mason and Slidell, one time Senators of the United States but now turned traitors, were arrested while on their way to Europe on board the steamship Trent, an English merchant vessel. The arrest was made by the captain of a United States ship, a public armed vessel. Mason and Slidell were removed from the Trent as contraband of war and the vessel then allowed to go on its way. England, to be sure, had violated her neutrality in permitting such traitors to travel on her ships, but she contended that men could not constitute contraband and that the captain of the San Jaconto, therefore, had no right to remove them. International law and custom seemed rather to favor the English standpoint in the matter and for a time the situation for America looked grave indeed.

In August, 1861, Secretary Chase of the Treasury, a "hard money" Democrat trained under Jackson, asked a loan of the Associated Banks of New York. At the outbreak of the war these banks

had united to pool their specie, in the hope that they might thus be able to tide over the crisis. The Secretary now wished to secure all this specie for the use of the government and as much more as could be secured. Therefore, in his organization for the first loan he added the banks of Boston and Philadelphia to the Associated Banks of New York, and together these three cities were to give the Treasury $150,000,000 payable in specie in three installments. The banks, in return, were to receive 7.30 per cent treasury notes maturing in three years which they were to sell to the general public in order to finance the loan.

Although the one hundred and fifty million which these bankers agreed to contribute to government expenditures was some two and one-half times the actual amount of specie available to them, they presumed that the Secretary would permit them to give the government credit for the amount of the loan and that he would withdraw actual specie only as it was needed. If such were the case, the loaned specie should, in the course of business, flow back into the banks at a rate sufficient to meet subsequent withdrawals. However, in making these plans the bankers had not reckoned with the fact that Secretary Chase was a "hard money" Democrat. As soon as the first installment of the loan fell due the Secretary delivered the treasury notes and demanded payment in specie in full. Almost immediately the Trent affair occurred and other political complications arose so that security prices dropped and the treasury notes could not be sold at home or abroad in sufficient quantities to uphold the banks in their efforts to supply the government. Still the banks hoped that before the second installment was due the Treasury enough specie from the first would have found its way back to make the new shipment possible.

Meantime Secretary Chase had issued demand notes—"greenbacks"—which were accepted as legal tender for payment of public dues. At first he issued them in sparing amounts, as was consistent with his "hard money" policy, but Treasury needs rapidly became so great that his own scruples in the matter had to be discarded and the notes issued in quantities sufficiently generous to cover the appropriations made by Congress. These "greenbacks" gained so wide a circulation that soon they, instead of the hoped-for specie, were pouring into the banks. Still further to increase existing difficulties, country banks, fearing suspension of specie payments, kept such supplies as came to them in their own vaults instead of shipping them

on to New York as had been their custom. In some way the banks did manage to meet the second installment on their loan, but by the time the third was due demand notes were so generally in circulation that specie could not be found and the last installment had to be paid in large part in the new demand notes.

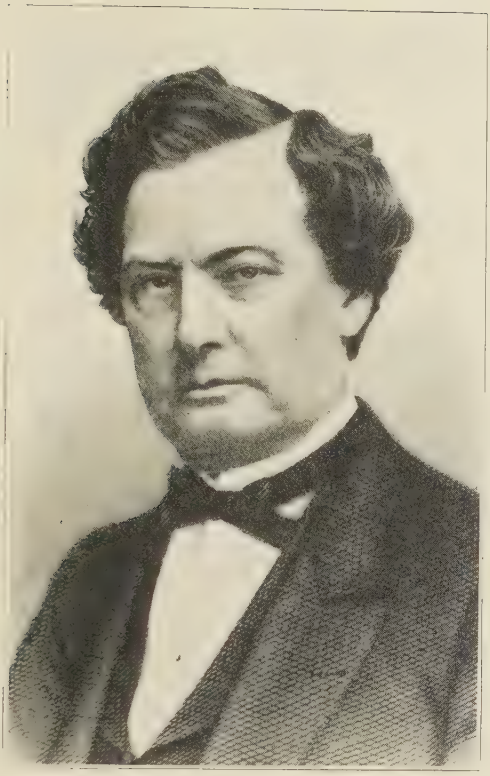
Having thus paid off their obligation to the Treasury, many of these banks now refused to receive any more of the treasury demand notes for deposit. In Boston, for instance, the charters refused bankers the right to pay out any but their own notes. In New York the banks continued to pay off their notes in specie as long as possible because under the New York law, if a note were protested, the bank refusing specie on it must go into liquidation and wind up its business. New York banks for some time met this difficult situation by not paying out any of their own notes, and soon currency there became government notes and certified checks. Because Boston and other cities, however, were rejecting the government notes, they soon fell below par and then in New York certified checks became the only currency. Even with all these devices for avoiding the use of specie, by the end of the year the banks of New York encountered a condition where they could not pay such demands as came to them, and in December, 1861, specie payments were suspended. After that the government could not pay its creditors in coin, and so the whole country under a "hard money" secretary had to go on a paper basis where it remained for the next seventeen years.

In Illinois the state treasurer, acting under a clause of the state constitution, refused to accept the new demand notes in payment of taxes. The case was carried to the Illinois supreme court where, in spite of vigorous protest, the action of the treasurer was upheld as being in accord with the instructions given him by the constitution of the state.

It now became necessary for the Secretary of the Treasury to look about for some way in which to finance further the enormous expenditures which Congress was so readily approving, and this search brought him to a realization of the fact that the one hundred and fifty million dollars in circulating notes which were afloat in the loyal states were in reality only a loan without interest from the people to the banks. He decided that, so long as the people of the country seemed willing to make loans under such conditions, they might far better give the Union the benefit of their funds and thereby let the government, which represented the interests of the whole

people instead of only the stockholders in the banks, be made richer. Therefore, early in the war the secretary began urging a national currency.

By January, 1862, he had so greatly underestimated the expenses of the country and the extent of the war that, to compensate for the growing shortage of funds, he caused a bill to be introduced authorizing the issue of one hundred million dollars of treasury notes and to fund the outstanding debt and floating debt by the issue of five hundred million in bonds. This bill provided that the emergency currency should bear on its back the words: "The within note is a legal tender in payment of all debts, public and private, and is exchangeable for bonds of the United States bearing six per cent interest." Because of these printed words, the proposed bill met with volleys of controversy. The country had been through too many financial difficulties with paper issues to give its people any desire for a governmental currency based on anything except gold as a legal tender. But, much as was said against the bill, those for it came back always with the same weak but urgent argument—the country needed money and, for the present at least, there was no other way in which it could be secured in sufficient amount to meet disbursements. Although no better argument than this could be brought forth in behalf of the proposed issue of notes, the bill was approved on February 25, 1862, with the proviso that the Secretary of the Treasury might issue the notes to an amount of one hundred and fifty million dollars, payable to the bearer and carrying no interest, in whatever denominations—not less than five dollars—he thought best. Fifty million of these new notes were to replace the "demand notes" issued under an act of July 18, 1861, and the latter taken up as rapidly as possible. A limit was set on the circulation, however, by the provision that not at any time might the sum of new and old notes outstanding together amount to more than one hundred and fifty million dollars. The legal tender clause persisted throughout the hot arguments, but finally it was altered to read: "Receivable in payment of all taxes, internal duties, excises, debts, and demands of every kind due to the United States, except duties on imports, and of all claims and demands against the United States of every kind whatsoever, except for interest upon bonds and notes, which shall be paid in coin, and shall also be lawful money and a legal tender in payment of all debts, public and private, within the United States, except duties on imports and interest as aforesaid."



GOVERNOR RICHARD YATES—1861-1865

(From Andreas' History of Chicago)

CHICAGO: LA SALLE STREET FROM THE COURTHOUSE ABOUT THE TIME OF THE CIVIL WAR

These notes were to be exchangeable for the six per cent bonds of the government which had been issued to the banks of New York, Boston, and Philadelphia for the first war loan, and were also to be received at par the same as coin for any future loans negotiated by the Secretary of the Treasury.

On July 11, 1862, an additional issue of one hundred and fifty million of these "legal tenders" was authorized in denominations which might be as low as one dollar with not more than thirty-five million dollars' worth in denominations of less than five dollars. On January 3 and March 3, 1863, two acts together authorized a third one hundred and fifty million which, with re-issues authorized from time to time, made a total of $1,640,559,947. (R. A. Bayley: National Loans of the United States—Washington, 1881, p. 80.)

To give the government also the advantage of such money as circulated in the form of small change, an act was passed which prohibited all banks and individuals from issuing any kind of tokens or other evidences of a circulating medium in amounts of less than one dollar after August 1, 1862. In place of such currency the government proposed to issue postage stamps which were to pass as small change and be accepted in exchange for currency of a higher denomination. The following March 3 this act was changed to provide that, instead of postage stamps, the Secretary of the Treasury might issue fractional notes in whatever form he thought best and that these notes were to be receivable in sums of not less than three dollars for postage and revenue stamps and of not less than five dollars in payment of dues to the United States—except duties on imports. The entire amount of such fractional currency issued, including postage and revenue stamps, was not to exceed fifty million dollars.

All of the government notes met with great favor in Illinois. They represented a currency recognized everywhere and accepted. If only such notes could be secured in sufficient quantity, there need be no more trouble with the doubtful and possibly counterfeit issues of other states. Since Illinois had practically no currency of her own, she was more than ever in a position to support the issues of the government. The people of the state loyally believed that such of the banks as had reorganized under the amended banking law of 1861 and were then redeeming their currency at Chicago or Springfield, were the soundest in the country, founded as they were on a basis such as few others could boast; but even the most optimistic

had to admit that from the standpoint of both security and convenience, the notes of the United States Treasury were preferable to those of Illinois banks. For a long time, however, government notes circulated in quantities too small to supply all the currency needs of Illinois and so they had to be supplemented both by the Illinois bank currency which was trusted, and that of other banks not in such high favor. This situation prevailed so generally throughout the northwest that constant urgings for more treasury notes came from that section. From there, too, came the suggestion that all banks of issue be taxed—even as much as ten per cent on circulation—so that treasury notes might soon become the established currency of the nation. In Illinois the conception of the place the government should assume in the finances of the nation went even further than this and early in 1862 we find her newspapers urging the creation of a national bank of issue not far different from the one which eventually became established. To hasten further the circulation of government paper, the people of Illinois—through the press—expressed their willingness to forward all the supplies the government might need and in return accept treasury notes as payment. Were other states to do the same, they urged, it would not take long to establish this single currency to the great benefit of both the government and commerce.

CHAPTER X

NATIONAL BANKING

Early plans for a bond-secured national currency—National Bank Act developed by Secretary Chase and Jay Cooke—Opposition to the National Bank Act—Its adoption—Organization of first national banks—Circulation tax and end of state banks of issue—Effect of national currency on business—Chicago's panic of 1864—Jay Cooke's success with Government bonds—Railroads—Canal revival—Boom of 1865—Organization of the Chicago Clearing House Association—Discontinuance of warehouse receipts as currency—First bankers' convention in Chicago—Incorporation of private banks in Illinois—Growing opposition to the National Bank Act—Agitation for an inflated currency—Retirement of "greenbacks"—Resumption of specie payments in 1879—State charters for banks in Illinois—Constitution of 1870 with its provision against banks.

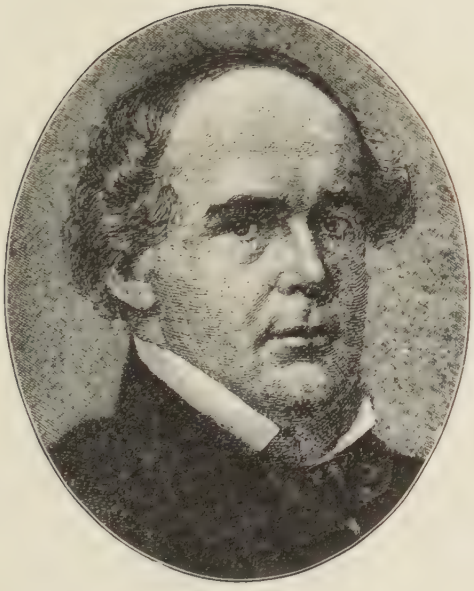
With so much agitation for a national currency and national banking system coming from the west, Secretary of the Treasury Chase in his report to Congress at the beginning of its session in 1862 proposed a plan which he believed would obviate the defects of the system of state bank issues and at the same time give much needed financial aid to the government. The Secretary's first plan involved these three points: 1. Circulation of notes issued by a common authority and bearing a common impression. 2. Redemption of these notes by institutions to which they were delivered for issue. 3. Redemption secured by pledge of United States stocks and adequate specie.

It was the Secretary's original idea that all of the banking capital of the states be invested in United States issues as security for a uniform circulation. In no way was it his first intention that a national bank replace those institutions already in operation. After all, the National Bank Act was meant to be only a war measure whereby the Treasury might be replenished. It is not likely that the government was then greatly concerned beyond that with the financial welfare of the country. That it did offer a uniform currency for the benefit of all was due to good fortune rather than wise planning. However, after more thought was given to the matter, the Secre-

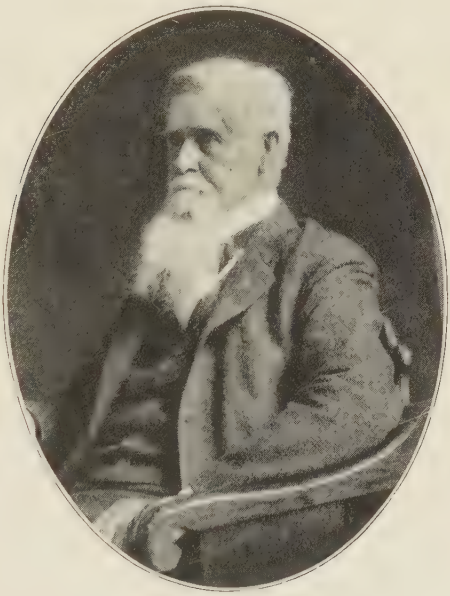
tary, together with Jay Cooke, a New York banker of great prominence who had succeeded in disposing of large blocks of government bonds after the Treasury and the banks had failed to sell them, went to Congress with the suggestion that a banking system be made possible which would provide a uniform currency—uniformly well-secured and safeguarded against depreciation—a means of eliminating losses from discounts and high rates of domestic exchange, a stimulation of the demand for government securities, a means of lightening taxes through lowering interest rates and sharing the profits from note circulation; and at the same time this system should be so constituted that the risks incident to a great money monopoly be avoided. It was suggested that the new currency be uniform in design, prepared by the government, and based on the security of government bonds. In fact, this suggested bill was based in large measure on the free banking laws then existing in a number of states, including Illinois. Its chief difference from the free banking laws of the states was that, while the states assumed no responsibility for the payment of the notes of their banks, the national government would. After much controversy, and with the aid of Cooke's able advertising, the act was introduced, passed Congress, and on February 25, 1862, it received the signature of President Lincoln.

Such opposition as met the National Bank Act came chiefly from those sections of the country which had going banking systems of their own established. They raised one cry after another in an effort to prevent the new national banks from putting the established institutions out of business. A uniform currency in all parts of the country, they said, was not possible; not a made-to-order system, but one which had grown with the needs of a community was best. Different communities could not possibly use the same financial system. Why substitute a new paper currency for those already in existence? How could a currency be uniform when it was to be redeemed in only one place; would not this fact make it sell at all manner of discounts, depending on the distance from the point of redemption? These and many other objections were raised, but in Illinois—a state where banks were practically out of existence—only praise could be found for the new system. Here people wanted and sadly needed a currency system which would make possible a suitable medium of exchange between Illinois and the east. While bankers and others in the state realized that the new act was far from perfect as first presented, their opinion was that it had best be adopted and such

LYMAN J. GAGE
First president of the Chicago Clearing House Association and later president of the First National Bank.



SALMON P. CHASE
Secretary of the Treasury, who originated the National Bank System



JAY COOKE
Financier of the Civil War

changes as might prove necessary be made later. Better, they said, have an imperfect banking system of the right kind than risk continuing with none at all.

Within a year after passing the National Bank Act on March 25, 1863, the west had become determined to eliminate all "wild cat" issues in favor of those backed by the government. Those state and private banks in operation strenuously objected to this attitude. They had all their capital tied up in currency issues and as these lost favor it was plain that ruin must befall those bankers who were not in a position to resort to other branches of the banking business. In spite of their fears, the new currency was so gradually introduced and business men, sensible to impending dangers, so carefully aided the changing situation that soon the poor money had been abolished quite without disaster, and by the end of 1864 business was being done for the first time with a currency which had a uniform value in all parts of the country.

Even so, it was a long time before all objections on the part of state banks quieted down. Nor is this to be wondered at, since these institutions were finding a profitable source of income in their note issuing powers. The opposition was strongest in those sections where state banks were strongest. In the east, particularly, did the new banking system find great difficulty in establishing itself. To save the reputation of his section of the country, Jay Cooke of Philadelphia, by dint of supplying ninety per cent of the capital, succeeded in securing the first charter issued to any national bank for the First National of Philadelphia. By October first, almost seven months after the Act was passed, only sixty-six national banks had been organized in the whole country. The active banking centers of the east would not have them and, while the new institutions were more than welcome in the west, the finances of that section were in such a state that new banking projects could not be undertaken with all the speed desirable. The small towns of the west were particularly friendly to national banks and for a time most of the charters were issued to such places. In Illinois, seven "First National Banks" were organized in the year 1863. The fact that they all carried the same title was due to a requirement of the law, later adjusted to the convenience of those banks which had established names of great value to themselves in their communities. At first, however, it was the intention that every national bank should carry a number showing the order in which it had been established in its community.

When the Comptroller of the Currency made his first report in November, 1863, he showed that one hundred and thirty-four national banks had been organized in the whole country—fourteen in New England, sixteen in New York, twenty in Pennsylvania, twenty in Indiana, thirty-eight in Ohio, seven in Illinois, six in Iowa, and four each in Michigan and Wisconsin. When one realizes that then, even more than now, the finances of the country were centered in the east, and also takes into consideration the fact that Indiana and Ohio had the best banking systems of the west while Illinois had practically none at all, the seven banks established in this state indicate a wholesome and encouraging support of the efforts of the Treasury Department.

On January 1, 1864, there were one hundred and thirty-nine national banks in the country, seventy-nine of which were in the states of Ohio, Indiana, Michigan, Iowa, Wisconsin, and Illinois. By June, 1864, Illinois had twenty-eight of the banks and only five other states—New York, Pennsylvania, Indiana, Ohio, and Massachusetts —then had a larger number. Between June 30 and August 31 of that year national banking capital in Illinois increased from $2,828,365 to $4,007,900. By the end of November, 1865, Illinois had thirty-eight national banks with a capital stock of $4,147,837.25 and a circulation of $3,396,560 in national currency. (Hunt's Merchant's Magazine, vol. 52, Jan., 1865, p. 67.)

While the bank at Philadelphia owned by Jay Cooke received charter number one, probably the first bank actually to open for business under a national charter was one which, because of its propinquity, was a factor in the finances of Illinois—the First National Bank of Davenport, Iowa. This bank's actual charter number was fifteen. It did not make application until May 29, 1863, for the charter received on June 24. The doors were opened on June 29, 1863.

Except for a delay in the office of the Comptroller, in all probability the honor of having the first national bank doing business in the country would have gone to Chicago. A group of business men there made application some time in May, 1863, with the expectation that their bank could open for business on June 1. However, the Comptroller of the Currency was busy about other matters and permitted applications to accumulate on his desk so that it was not until toward the end of June that he considered them and then signed all at one time. From this lottery the First National Bank of Chicago

drew charter number eight. Whether or not it might have had an earlier number than that, except for the delay on the part of the Comptroller, is a question which probably never will be settled. Immediately upon receipt of the long delayed charter the officers of this new bank made arrangements to open the First National of Chicago on July 1. As the bank at Davenport had started two days previous, Chicago's bank was the second in the country to open its doors. The Philadelphia bank, carrying charter number one, did not begin business until July 11, 1863.

By the time the National Banking Act was one year old, five banks had been established in Chicago alone. Among these were the First National, still in existence and now one of the larger banks of the country; the Fifth National, which later became the National Bank of America; and the Northwestern National. These last two later merged to form the Corn Exchange National which was one of the prominent banking institutions of the middle west until its merger in 1924 with the Illinois Merchants Trust Company. In the state of Illinois as a whole seven national banks were established in 1863, thirty-one in 1864, forty-one in 1865, and three in 1866, making a total up to that time of eighty-two banks in the state. These, together with their charter numbers were as follows:

National Banks Established in Illinois During the Years 1863, 1864 and 1865

Charter Number	Town	Bank	Capital	President	Cashier
			1863		
8	Chicago	First National	$600,000	Edmund Aiken	Edward E. Braisted
33	Cairo	First National	50,000	John W. Trover	Daniel Hurd
38	Aurora	First National	50,000	John Van Nortwick	Ira H. Fitch
85	Monmouth	First National	50,000	John Brown	William M. Gregg
108	Rock Island	First National	100,000	Philemon L. Mitchell	James M. Buford
113	Danville	First National	50,000	Joseph G. English	Eben H. Palmer
114	La Salle	First National	50,000	George A. Butler	E. F. Nexsen
			1864		
160	Moline	First National	50,000	Jerman S. Keator	John M. Gould
176	Peoria	First National	150,000	Tobias S. Bradley	Nathaniel B. Curtiss
177	Wilmington	First National	50,000	A. J. McIntyre	James Whitten
205	Springfield	First National	125,000	John Williams	George A. Black
207	Peoria	Second National	200,000	Lewis Howell	John Boyd Smith
225	Chicago	Second National	100,000	J. Alder Ellis	Edward I. Tinkham
236	Chicago	Third National	120,000	James H. Bowen	Ira Holmes
241	Galesburg	First National	100,000	Charles H. Mathews	Eugene L. Chapman
276	Chicago	Fourth National	100,000	Benjamin Lombard	Samuel A. Briggs
319	Freeport	First National	50,000	George F. DeForest	Esrom Mayer
320	Chicago	Fifth National	100,000	Josiah Lombard	Isaac G. Lombard
339	Batavia	First National	100,000	William Coffin	Henry C. Paddock
347	Lacon	First National	50,000	Phineas Stevens	Charles T. Eckley
372	Woodstock	First National	50,000	Lawrence S. Church	Cyrus B. Durfee
385	Freeport	Second National	50,000	John H. Addams	Alexander H. Stone

National Banks Established in Illinois During the Years 1863, 1864 and 1865—*Continued*

Charter Number	Town	Bank	Capital	President	Cashier
409	Mt. Carroll	First National	50,000	James Marks	Henry A. Mills
415	Canton	First National	50,000	James H. McCall	Charles T. Heald
424	Quincy	First National	100,000	Caleb M. Pomeroy	Uri S. Penfield
429	Rockford	First National	50,000	Alonzo Wood	Edward H. Griggs
441	Peru	First National	50,000	Theron D. Brewster	Robert V. Sutherland
466	Chicago	Mechanic's National	250,000	J. Y. Scammon	Carl F. W. Junge
477	Decatur	First National	50,000	Thomas O. Smith	Theodore W. Freese
479	Rockford	Third National	70,000	A. C. Spafford	William T. Wallace
482	Rockford	Second National	50,000	Robert P. Lane	G. A. Sanford
491	Galesburg	Second National	60,000	David Sanborn	Albert C. Reed
495	Warsaw	First National	100,000	William Hill	Charles H. Mellen
508	Chicago	Northwestern National	500,000	Buckingham Sturges	George Sturges
511	Jacksonville	First National	100,000	Stephen Dunlap	Hiram Wilson
512	Joliet	First National	100,000	George Woodruff	Fred A. Woodruff
531	Morris	Grundy County Nat'l	50,000	Charles H. Goold	David D. Spencer
534	Geneseo	First National	100,000	Andrew Crawford	Charles Perry
		1865			
642	Chicago	Merchant's National	450,000	Chauncey B. Blair	Henry R. Symonds
698	Chicago	Union National	500,000	William F. Coolbaugh	Charles J. Connell
703	Quincy	Mer. & Farmers Nat'l	150,000	Lorenzo Bull	Charles H. Bull
713	Chicago	Commercial National	200,000	Peter R. Westfall	Charles Ennis
724	Chicago	Manufacturer's Nat'l	225.000	William H. Brown	David J. Lake
759	Knoxville	First National	60,000	Cornelius Runkle	John Babbington
763	Charleston	First National	60,000	Charles W. Morton	Henry C. Clement
785	Cairo	City National	100,000	William P. Halliday	Alfred D. Safford
818	Chicago	City National	250,000	Asa D. Reed	Albert C. Reed
819	Bloomington	The Nat'l Bank	150,000	James H Robinson	Edward Thorp
827	Galva	First National	50,000	William L. Wiley	Lewis W. Beck
831	Galena	First National	125,000	Robert H. McClellan	None
849	Warren	Farmer's National	50,000	Manley Rogers	Junius Rogers
883	Rockford	Winnebago National	100,000	Thomas D. Robertson	Spencer Rising
902	Dixon	Lee County National	100.000	Joseph Crawford	Samuel C. Eells
903	Princeton	First National	70,000	Benjamin S. Ferris	Henry W. Rawson
913	Champaign	First National	65,000	John H. Thomas	James S. Wright
915	Shawneetown	First National	200,000	John McKee Peeples	Thomas S. Ridgway
945	Waukegan	First National	50,000	Charles R. Steele	James C. Biddecom
966	Chicago	Trader's National	100,000	Joseph O. Rutter	Thomas P. Tallman
967	Macomb	First National	50,000	Charles Chandler	Jesse H. Cummings
979	Galena	Merchant's National	125,000	Augustus Esty	William H. Snyder
1001	Centralia	First National	80,000	Alexander D. Hay	Ferdinand Kohl
1024	Mattoon	First National	100,000	Charles M. Dole	John W. True
1033	Morrison	First National	50.000	Lander Smith	Albert J. Jackson
1042	Pittsfield	First National	50,000	Chauncey L. Higbee	Clark P. Chapman
1097	Belvidere	First National	100,000	Allen C. Fuller	Newell C. Tomkins
1117	Peoria	Mechanic's National	100,000	Isaac Underhill	Samuel Coskery
1154	Ottawa	First National	100,000	William Hickling	William H. Cushman
1167	Carthage	National Bank of Hancock Co.	50,000	Hiram G. Ferris	Edward Cherrill
1177	Mendota	First National	65,000	Edwin A. Bowen	Elisha W. Fassett
1365	Elgin	First National	100,000	Benjamin F. Lawrence	Morris C. Town
1428	Alton	Alton National	100,000	Ebenezer Marsh	Charles A. Caldwell
1445	Alton	First National	100,000	Isaac Scaritt	Daniel D. Ryrie
1453	Rushville	First National	65.000	William H. Ray	Augustus Warren
1465	Ottawa	National City Bank	100,000	Henry F. Eames	Edwin C. Allen
1471	Virginia	Farmer's National	50,000	Samuel S. Vance	John H. Wood
1482	Henry	First National	50,000	Thomas L. Davis	William T. Law
1484	Winchester	First National	50,000	George W. Ritchey	John Moses
1517	Vandalia	Nat'l Bk. of Vandalia	50,000	Nathaniel M. McCurdy	Joshua Lazarus
1555	Paris	First National	100,000	Alfred Anstell	William H. Tuller
		1866			
1637	Pekin	First National	100,000	Isaac E. Leonard	Benjamin F. Blossom
1641	Olney	First National	100,000	Henry Spring	A. Darling
1662	Springfield	Ridgely National	200,000	N. H. Ridgely	William Ridgely

As early as 1856 James Guthrie, then Secretary of the Treasury, felt that it might soon become necessary to put a prohibitive tax on small notes. This became more and more desirable and in 1860 there arose an urgent demand in the west that especially the depreciated state bank currencies be taxed out of existence. By 1864 the strain of war had made such a measure necessary and, on March 3, 1865, Congress helped to boost the state banks out of existence by imposing a tax of ten per cent on their notes. This tax was to go into effect after July 1, 1866, and, as it would then mean an end to the only existing function of state banks, there soon developed a great increase in the number of state banks which applied for national charters. By autumn of 1865 the number of national banks in the country as a whole had become almost as great as that of banks of all kinds in the country in 1860. This fact is significant when one realizes that, while in 1860 banks in all sections of the country were included, the national banks of 1865 were confined to northern states.

In spite of a general fear for the outcome of putting the established state banks out of business, the transformation came about without any great business derangement. Once the banks realized that they could secure larger profits by going into the broader banking field offered under the national law, and were also faced with the fact that unless they took this way out they must lose such business as they already had, they were ready to make the adjustment in the best possible way; as a result, even the volume of bank note circulation was not essentially affected. In this adjustment the banks enlarged upon that portion of their business which had been so greatly neglected before—deposits, loans, and discounts. This development had begun before the tax on circulation was imposed; even as early as the spring of 1862 the flow of greenbacks into Illinois had had a marked effect on the circulation of other notes as it also had on general business. This influx of new money had a tendency to increase prices which dull times of the winter before had greatly depressed. Soon prosperity seemed to prevail and with it there arose a demand for small change. Although the government had previously attempted to meet this need and at the same time gain some advantage for itself by issuing the fractional note currency, this did little good in Illinois as its distribution was most inefficiently managed and the only way bankers could get a supply at all adequate was by persuading their senators to secure it for them.

Shortly after this seeming prosperity had set in, greenbacks began to depreciate, gold and silver went out of circulation, and prices continued to soar. For a time this brought great discomfort, particularly to the farmers, who suffered because of the wide difference between the high prices at which they were required to buy their supplies and the very low prices at which their products were still selling. Within two years, however, wheat had gone to more than two dollars a bushel and other agricultural products were selling at like figures. By that time gold was approaching a point where it took two hundred and fifty dollars in greenbacks to buy one hundred dollars in gold and this situation was to be relieved only by the close of the war.

Although the new banking act had been established primarily as a war measure and for the purpose of financing the operations of the Union in her struggle with the southern states which had attempted to secede, the system became a disappointment from that angle. It did not make the market for government bonds that had been hoped for, but it did give the commerce of the country even more than had been dreamed of. At last, instead of the issues of sixteen hundred banks, there was a uniform currency issue which could be depended upon. According to available statistics in 1862 there had been a state bank note circulation of $167,000,000. Only nine states then required bond security for their circulation and the securities so pledged amounted to but forty million dollars, leaving more than one hundred and twenty million cared for by other assets or none at all. From the sixteen hundred banks, seven thousand different kinds of notes had circulated. Three thousand kinds of altered notes were estimated to be afloat. Seventeen hundred varieties of spurious notes were found and eight hundred varieties of imitations. This made a total of more than fifty-five hundred kinds of fraudulent notes. It was said that in 1862 only two hundred and fifty-three banks in the entire country were issuing notes which had not been altered or imitated. With such figures representing the country as a whole, one can see that, in spite of all the bad banking Illinois had endured, her system after all was comparatively well planned. According to the reports of the state auditor, there were twenty-three state banks in operation in Illinois at the end of 1864. These had deposited approximately one-quarter million of Illinois securities with the state auditor to secure a circulation of some two hundred thousand. By the following January 1, because of the bill taxing

circulation, this had been reduced to $132,436 secured by Illinois six per cent bonds in amount of $175,000.

Toward the end of September, 1864, a local financial flurry occurred in Chicago in which some small banks and also the Marine and Fire Insurance Company failed. This reduced state banks in Chicago to two engaged in commercial banking—the Merchants Savings, Loan and Trust Company, and the Marine Company—the Marine Bank reorganized. Also, it left two savings banks—the State Savings Institution, and the Merchants, Farmers and Mechanics Bank. Prosperity soon returned and with the national banks furnishing all the currency needed for business, it remained unbroken until the time of the great fire in 1871.

On the whole the history of banking in the state was uneventful between these years, as the national banking system had put a stop to all other banks of issue and, as the transition from the state to the national system took place in an orderly and more or less uneventful manner, trade and the new system of banks grew up side by side.

The chief financial problem of Illinois now dealt not so much with her own affairs as with her part in assisting the Union in its tremendous task of financing the war. Because America had not yet fully established a sound and efficient system of finance, as a nation she was not in a position to establish stability of character at home or command respect abroad. The notes and other securities of the government issued for the payment of war debts, lacking that proper backing which comes from a sound tax system, could command confidence nowhere. While the authorities were seeking a way of backing these obligations with specie, an adequate tax levied for their support would doubtless have kept them at par, but it was not until 1863 that those in a position to do so saw sufficient value in taxation to levy the first federal income tax in America.

Because of the situation, which rendered the issues of the government so little worthy of confidence, the banks of the country failed miserably in placing government loans in adequate amounts, and it was not until Jay Cooke, the Philadelphia banker, took charge that these securities could be sold with any degree of success. Through clever advertising, on which he spent some ten thousand dollars of his own fortune, Mr. Cooke managed to float the first issue of "Seven-Thirties." Of the first series of notes issued in August of 1861, Mr. Cooke sold $4,224,050 and took one million of the second fifty million

lot which was issued on the next October 1. For this work he received a commission of $6,680.06 and an allowance of $150 for advertising. He spent all of this, in addition to his own ten thousand dollars, on these securities.

After he had thus shown his ability to float a loan under conditions which had caused all others to fail in the attempt, Mr. Cooke was officially put in charge of subsequent loan sales. In 1863 he sent Thomas F. Shewell into Illinois as his representative to take subscriptions on the six per cent loan called the "Five-Twenties." Mr. Shewell conferred with bankers, brokers, and editors, distributed posters, and posted bills in public places in behalf of the loan, everywhere meeting with success in his efforts to secure coöperation in the state. Later a man named Gallaway who traveled the west, reported that the National Bank of Galena had sold $266,000 in government bonds in six weeks' time, all to farmers and mechanics of small means. A little agency established at Havana, Illinois, received subscriptions amounting to more than three thousand dollars in less than three hours after it was first opened for business. In Wilmington there lived an old woman who had been an apparently destitute widow for many years. She lived very poorly and worked very hard, but even she appeared at the bank and, taking an old silk handkerchief from under her shawl, produced therefrom twelve hundred dollars in bills which had been hidden away for so long that they had become musty and were in such a state that the clerk could scarcely count the money. Her case was merely typical of the extent to which the people of Illinois came forward with their offers of financial help to the Union. It is even said that under the urge of Jay Cooke's advertising and in their intense anxiety to support the government, men and women would walk from twenty to sixty miles to the nearest agency to buy United States bonds.

Shortly after the outbreak of the war it was discovered that greater facilities for railroad transportation must be secured, and as a result rather extensive railroad developments began to take place in the west. President Lincoln constantly urged that this work be pushed for there were great gaps where transportation was sorely needed. In some cases there were loyal regions on the border-line between north and south which had no connection with the Union by rail. Hunt's Merchants' Magazine for January, 1862, in commenting on the situation, complimented the progress the west was making in this regard and said in part:

"An unusual feat in railroad transportation was lately accomplished on some western roads, viz: the Third Michigan Regiment. Colonel Kellogg traveled the entire distance from Grand Rapids, Michigan, to Alton, Illinois, a distance of seven hundred and fifty miles, without change of cars. This was over the following routes: the Detroit and Milwaukee from Grand Rapids to Detroit; thence to Adrian by the Detroit and Toledo; thence to Chicago by the Michigan Southern; thence to Mattoon by the Illinois Central; thence to Alton by the Terre Haute and Alton Road."

About this time, either from a sincere desire to facilitate the progress of the war, or simply because the periodic revival of such agitation was about due, a clamor once more arose for the continued development of the Illinois and Michigan Canal. It was pointed out that the canal, if properly developed, would permit the transportation of war vessels down the Illinois and Rock rivers to the Mississippi, and that through it the entire fleet could be transported from the lakes to the Mississippi and thence to the Gulf of Mexico and the ocean. Ingenious promoters of the project further urged that in the event of a war with England the entire navy of the country could be placed on the Great Lakes if needed there. With these excellent excuses at hand, the proposition was actually placed before Congress in February, 1862, as a war measure. The bill provided that the canal be 220 miles long, have seven locks and dams, that it be 160 feet wide and seven feet deep. The cost, as estimated, would be $13,346,824. This would enable two hundred transports to be placed at Cairo in a week's time, tugs could be transformed into gun boats, and nearly the entire marine of the lakes transferred to the Mississippi. Despite all the enthusiasm and fine arguments that could be raised, congressmen from the east were not persuaded that it was to their advantage to vote such a quantity of national funds to the use of Illinois, and the bill was killed.

The war, by 1865, had reached that stage where demand for goods from the west was very active, and business boomed in and about Chicago. The only real effect on the banks was to bring about the organization of new national banks at a comparatively rapid rate. In Chicago it was found that a clearing house would greatly facilitate financial transactions, so under the agitation created by George Sturges of the Northwestern National Bank, one was established in that year. To hasten the day on which the organization might get under way, Mr. Sturges gave space in the offices of his bank where

exchanges were made until a suitable room for the clearing house might be found. The organization was re-established as a private institution in 1870 and in 1882 was incorporated under the laws of the state.

By the end of 1866 there were reported eighty-two national banks as having been established in Illinois. Of these only three had opened for business in the year 1866 and up to this time no national bank had gone out of operation in the state, although a number had gone into liquidation in other states. These eighty-two banks now had a paid-in capital stock of $11,570,000 with bonds deposited amounting to $10,818,400 against a circulation of $9,448,415. (Bankers' Magazine, January, 1867.)

During this year the commercial and banking interests of the state were greatly embarrassed by a decision of the supreme court whereby warehouse receipts were no longer allowed as negotiable. Until now they had passed the same as bank notes or any other current paper, but this decision required that the transfer of grain or other property in warehouses must actually be made or the transaction could legally convey no responsibility. (Bankers' Magazine, January, 1867, p. 556.)

The only other occurrence of real financial import in 1866 seems to have been the meeting of what was probably the first bankers' convention to be held in the state of Illinois. This was a largely attended meeting of the officers and managers of national banks, chiefly of the northwest. It was held in Chicago on September 12, 1866, for the purpose of finding a way to defeat legislation then pending whereby, it was feared, Congress might make New York, Boston, and Philadelphia the only points at which national bank notes could be redeemed. The bankers of the west felt that something must be done to defeat such a measure, since it must of necessity withdraw a large amount of circulating money from the west where it was so much needed for the development of commerce. Sixty-six presidents and cashiers were in attendance at the meeting who represented banks in the states of Illinois, Iowa, Wisconsin, Indiana, Michigan, Missouri, and Minnesota; one banker from Louisiana attended the convention.

Although the first bankers' convention held in Chicago, this was not the first at which western bankers were in attendance. According to the Chicago Tribune of October 19, 1864, there was a similar meeting held in New York in the autumn of 1864 at which bankers from

fifteen states were present, among them a number from the west. At this meeting, Edmund Aiken, first president of the First National Bank of Chicago, was elected a vice-president of the association of bankers.

In order to assist the United States government in establishing a uniform national currency, the state legislature of 1867 passed laws prohibiting the further incorporation of banks of issue, or the issuing of notes by private firms or individuals. This was not a measure of any widespread consequence at the time as, for practical purposes, there was really no state currency in Illinois. Of the one hundred and ten state banks in operation in 1860 at the outbreak of the war, only sixty-two were left in 1862, and two years later only twenty-three had survived. Those still remaining were rapidly being taxed out of business by the federal tax on issues of state banks.

In order to assist such banks as had not yet retired all of their own circulation, the legislature provided that all state banks still having securities with the state auditor might file a bond for the redemption of their outstanding circulation. This was to be submitted to the governor, the state auditor, and the state treasurer for approval and then the banks might recover their securities. Since the amount of circulation of this kind was then negligible, the law could be enacted in this form with safety. At the same time the legislature of 1867 passed a number of acts incorporating private banks, but each institution so authorized represented a savings bank or a loan and trust company and all powers of issue were denied them. In 1869 under these private charters sixty-nine banks were incorporated with all the ordinary banking powers except that of the issue of notes for circulation. All of them were incorporated under the name of loan companies.

Meantime the growth of national banks in the state had been steady, but partly because of the high minimum capital requirement of fifty thousand dollars -an amount too large for the smaller towns —this growth was rather slow. The political situation in Illinois, also, was not so conducive to the encouragement of national banks as in those states which passed enabling acts to lessen the difficulties of transition from state or private to national banking institutions.

As is to be expected in the case of any movement of fundamental import, before long the opposition to national banks invaded even the precincts of loyal Illinois. There grew up a faction in the state which favored the issue of paper money directly by the government. This

group, which termed itself a "convention of citizens of Illinois," held a meeting in Ottawa on September 9, 1867, for the purpose of urging issue of paper money and also the repeal of the National Bank Act. Shortly before similar resolutions had been passed by the Democratic convention in the congressional district in the southern section of the state centering about Cairo and similar sentiments were brought out at the Springfield convention on September 14, 1870. This discontent grew in large part out of the economic unrest following the war and which was particularly strong in the west, affecting more and more the political life of that section of the country.

Since the currency question was one which could be admirably suited to political controversy, it was not long before it had developed to interesting proportions. Even as early as 1865 the U. S. Treasury had begun to retire greenbacks, which represented a portion of the war debt, in favor of long-time bonds. In thus disposing of a depreciated paper currency, the government could rapidly return to a sound credit basis. However, the soundness of national credit little concerned states in which depreciated greenbacks represented almost the only circulating medium, as was the case in Illinois. Whenever any of this paper money was withdrawn to be exchanged for government bonds there was just that much less circulating in the country, and the ever present fear lest the volume of money be reduced below business needs increased.

In the face of this situation, it was not so hard for those politically interested to persuade whole communities that not national credit stability but currency inflation was the crying need of the day. Soon so many of these treasury notes had been withdrawn as to increase the market value of the greenback dollar which, in turn, brought about a drop in the money price of all other products. In spite of her war prosperity, the west was still a debtor country so that the creditor east was pleased at the prospect of an appreciated dollar and naturally did all possible to aid in the country's rapid return to a sound money basis. The western debt, representing extensive farm improvements and aggressive merchandising and brokerage operations, had been accumulated in depreciated greenbacks. Now the east found herself in that happy position where the sixty-cent dollars she had unloaded were coming back to her in the same kind of currency, but now worth ninety-five cents on the dollar. More and more this situation infuriated the west until in 1868 Congress yielded under pressure from the newer section of the country and decided that there

SECOND BUILDING OF THE FIRST NATIONAL BANK
Corner State and Washington Streets, erected in 1868.

UNION NATIONAL BANK
Corner La Salle and Washington Streets, before the fire of 1871.

would be no further contraction of the currency. Even this was not sufficient for the ambitious west which was facing great difficulties through the money stringency, and crying constantly for more paper currency.

About this time the national government proposed to settle some of its difficulties by refunding its six per cent bonds for five per cent issues. This resulted in violent opposition on the part of bankers. Members of the Chicago Clearing House Association and representatives of some of the banking institutions of other sections of the west actually sent a protest to Congress saying that such a bill threatened the national bank note circulation which was based on bond ownership. These men claimed that the west, at least, could not submit to so great a loss on its invested capital. In general, these bankers demanded a resumption of specie payments rather than a refunding of the national debt, but, in spite of them, an act for refunding was passed on July 14, 1870, and the federal bonds were converted to lower rates.

The resumption of specie payments was not finally effected until 1879, but in Illinois there were demands made for it throughout the entire decade, which, largely, started in an agitation against the fractional paper authorized by Congress in 1863. This had been issued to the amount of $20,215,635 in small notes which were not kept in good condition and so had become so difficult to handle that merchants were demanding that they be retired and silver coin issued in their place. It was the general belief, according to the Chicago Tribune of March 5, 1870, that if Congress would order that no more of such fractional currency be issued, except in exchange for torn bills, and that all received should be cancelled, specie resumption, so far as retail business was concerned, could be had almost immediately. This action, however, was not taken by Congress until 1876.

Although Illinois had been practically without banks at the time of the inauguration of the National Bank Act, and had supported the new national system even more vigorously than had many other parts of the country, there seemed to be a constant need for financial institutions to supplement the national banks. Even the legislature of 1867 which had attempted to eliminate the free banks of the state, realizing this need, organized twenty-five banking institutions by special charter. Some of them were commercial banks, some for savings only, some trust companies, and others combined two or more of these phases of banking. The same session provided for

two loan and trust companies and seventy-two insurance companies. (Laws of 1867, 2:98ff, 277ff.) Again in the session of 1869 charters were granted by special act—this time to sixty-seven banks, fourteen loan and trust companies, and fifty-six insurance companies. In none of these charters, however, were provisions made for reports by the corporations to any state officer, nor were there any laws calling for such reports from any banking institutions, except the few remaining free banks.[a] Since the charters were so loosely drawn, it is possible that many of them, particularly among the insurance companies, were used for purposes other than those designated.

In 1870 another constitutional convention met which framed the constitution under which the state still operates. This convention gave due consideration to the establishment of a suitable state bank. It was of the opinion that, although Illinois had tried state banking to its heart's content and had suffered intolerably as a result, still some provision should be made for a system of banks of issue which might be of value in case of emergency. It was agreed that in order to avoid the repetition of difficulties such as accompanied the outbreak of the Civil war, all bank circulation of the future should be based on national securities which would be more easily convertible than those of individual states. Also, the convention adopted a much needed clause depriving the legislature of the power to pass special legislation such as had been in use during the past few years. The convention showed little enthusiasm for state banks and might have neglected this part of its task except for the fact that the national banking institutions were believed by many to be only temporary in nature because of the political opposition to them. In the eyes of some, national banks were a great monopoly and it was argued that as the national banking system would probably expire by the statute of limitations in fourteen years and certainly when the national debt was paid off, it was best to provide a system for replacing it. On April 29, 1870, the committee on banks and currency made its report to the convention which was adopted and later, when put to vote, ratified by the people. The provisions it presented were these:

[a] Subsequently, as we shall see later, it was held that the free banking law was not actually repealed and on the discovery of this a repealing act was passed in 1873 which did not become effective until July 1, 1874. Just prior to this date there was a rush for free banking charters.

"No state bank shall be created, nor shall the state own or be liable for any stock in any corporation or joint-stock company or association for banking purposes now created, or to be hereafter created. No act of the General Assembly authorizing or creating corporations or associations with banking powers, whether of issue, deposit or discount, nor amendments thereto, shall go into effect, or in any manner be in force, unless the same shall be submitted to a vote of the people at the general election next succeeding the passage of the same, and be approved by a majority of all the votes cast at such election for or against such law. Every stockholder in a banking corporation or institution shall be individually responsible and liable to its creditors, over and above the amount of stock by him or her held, to an amount equal to his or her respective shares so held for all its liabilities accruing while he or she remains such stockholder. The suspension of specie payments by banking institutions, on their circulation created by the laws of this State, shall never be permitted or sanctioned. Every banking association now or which may hereafter be organized under the laws of this State shall make and publish a full and accurate quarterly statement of its affairs (which shall be certified to under oath by one or more of its officers) as may be provided by law.

"If a banking law shall be enacted, it shall provide for the registry and countersigning by an officer of State of all bills or paper credit designed to circulate as money, and require security to the full amount thereof to be deposited with the State Treasurer in United States or Illinois State stocks, to be rated at ten per cent below their par value: and in case of a depreciation of said stocks to the amount of ten per cent below par, the bank or banks owning said stock shall be required to make up said deficiency by depositing additional stocks. And said law shall provide for the recording of the names of all stockholders in such corporations, the amount of stock held by each, the time of any transfer thereof, and to whom such transfer is made."

The long debate which followed the introduction of this last paragraph plainly indicated that in the minds of very many the national banking system was far from a permanent institution. The section also provided first for the taxation of paid-up capital of any banking association and for the taxation of any capital actually used by private bankers receiving deposits. These two stipulations

were stricken out after much debate as more properly belonging to the committee on revenue.

After the adoption of the constitution of 1870, little other banking legislation occurred until the passage of the general bank act of 1887. In 1875 foreign corporations were authorized to loan money in the state and to take real estate as security for such loans, but they were prohibited from exercising banking powers and privileges. In 1879 a greater protection was provided for depositors through a law making the receiving of bank deposits by any officer after the actual insolvency of the bank an act of embezzlement, and the converting of a bank's funds to the private use of any officer of the bank, larceny. This was aimed against abuses which had characterized bank failures of 1877. At the same session an act was passed forbidding savings banks from becoming liable as guarantors. So, with the exception of these minor pieces of legislation, for almost twenty years after the adoption of the constitution, there was no change made in existing bank legislation. During that time the banking business of the state was carried on by national, private, and a comparatively small number of specially chartered state banks. National banks increased in number during this time; chartered state banks decreased in number and played no very important part in the banking of the state. Private banks, however, grew both in number and influence.

CHAPTER XI

THE CHICAGO FIRE

The Fire—its start and course followed—General destruction—Efforts of bankers to protect their property—Temporary banking quarters after the fire—Efforts to re-establish business—Opening the safes—Boom following the fire—Actual losses sustained by banks—Subsequent increase in the business of banks—Prosperity leading to over-confidence and panic.

A slight panic of short duration was started in the country in general and the east in particular when on the evening of Sunday, October 8, 1871, after a long, hot summer with very little rain, a fire broke out southwest of the business district of Chicago which was not stopped until it had utterly ruined not only the downtown sections, but large tracts of residence and other outlying districts as well. In the first six and one-half hours the flames, which started in a small frame barn, had traveled a distance of almost three miles. A heavy wind fanned them into a blast which not even the river could stop. Everything in their path was completely destroyed, from the near west side to the shores of the lake. After jumping the south branch of the Chicago River, the fire swept across the downtown district as far as the main branch, over which it was carried to the near north side. Buildings as far north as Lincoln Park were destroyed and devastation was not complete until after about twenty-four hours, when the flames had spent themselves. By that time everything had been so completely consumed that not even any noteworthy ruins remained. Marble walls had melted away, metal in any form was reduced to a fluid mass, sidewalks, bridges, everything, was demolished. Since the city's water works were in the district burned, an attempt was made to fight the terrible flames with gun powder and in a few instances this method did serve to check somewhat the ever-spreading destruction. The population in the path of the fire was forced to the shores of Lake Michigan and even there the heat was so intense that for a time it seemed people would have to take to the lake itself if they would preserve their lives. Accord-

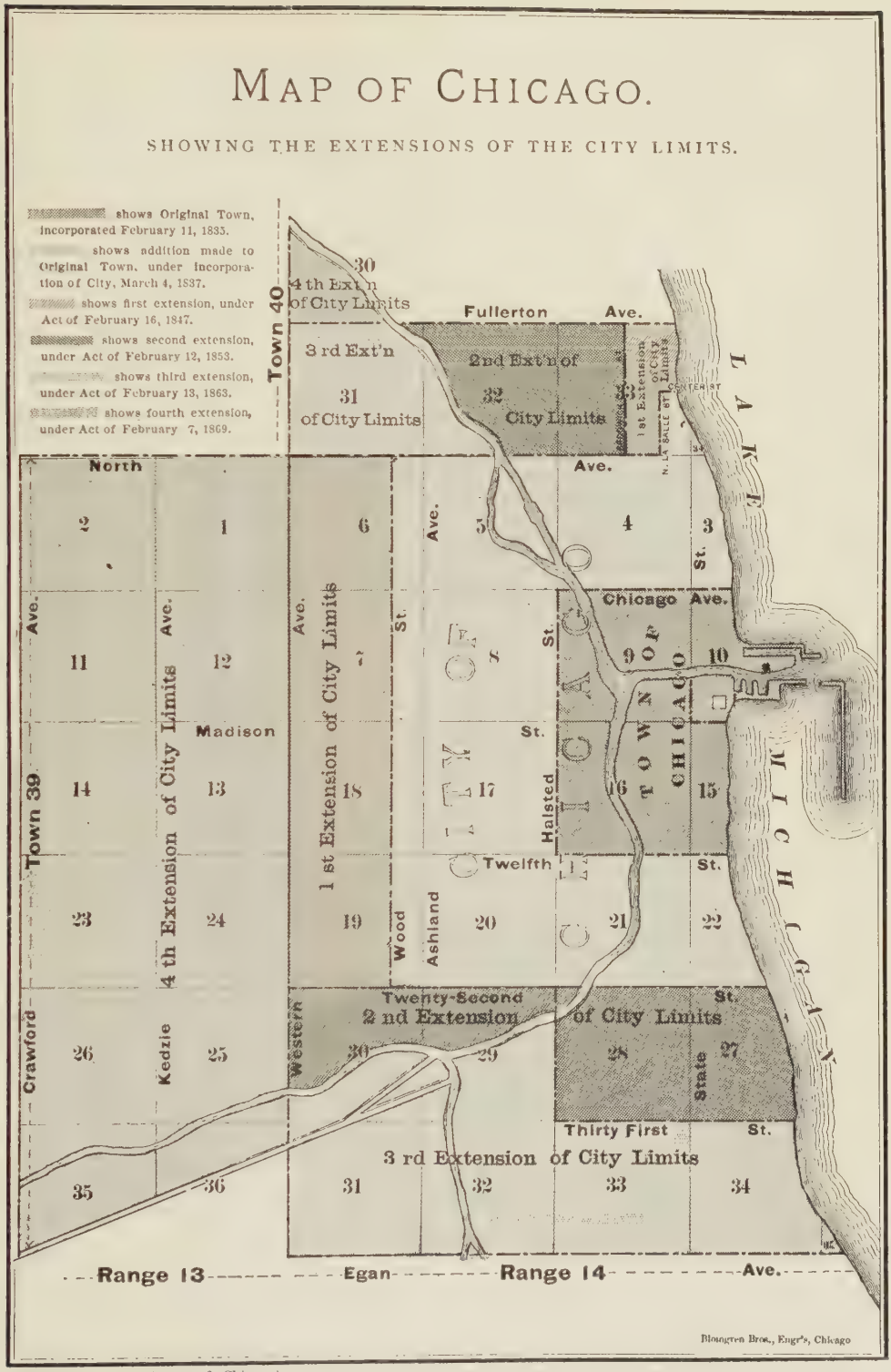
ing to some stories told of the fire, the intense heat was even wafted across the waters of the lake and blown to the Michigan shores.

In the whole city of Chicago there was only one bank building left standing—that of the Prairie State Loan and Trust Company. The First National Bank was deemed to be especially fortunate in that, while the interior of its building was completely destroyed, the outside walls were left standing in such good shape that they could be used in the reconstruction. On the whole south side of the city, besides the walls of the First National Bank, there were left standing only the walls of the Tribune Building, the Post Office, and of the east wing of the Court House—practically all else of importance had been leveled to the ground.

The fire had started at some distance from the banking district, but as soon as it showed signs of spreading beyond bounds, many bankers took steps to remove currency and securities to places of safety. E. I. Tinkham of the Second National Bank hurried to the banking office and secured six hundred thousand dollars in greenbacks, which he put into a trunk. As every means of transportation had been bought at high prices, Mr. Tinkham could not get a conveyance for his precious load, but found a colored man who was willing to carry it to the Milwaukee depot for one thousand dollars in payment. Mr. Tinkham followed the man—at some distance lest he be recognized and thieves suspect the contents of the trunk—but the streets were very crowded and soon he was almost hopelessly separated from his money. Then the fire took a turn in his direction and, after being almost suffocated, he was driven to the lake. There he found a tug boat which took him around to the depot where his colored man was waiting. Mr. Tinkham paid the thousand dollars, took the trunk aboard a train bound for Milwaukee, and deposited the money in a bank there.

S. W. Rawson, president of the Union Trust Company, hitched his horse to a light buggy and with this assistance removed a great quantity of money and securities from the safe in his bank. These he took to his home, which was outside the path of the fire, and hid them in the oat bin in his barn.

Another experience of the Union Trust Company brought into some prominence as an inventor a man who, up to the time of the fire, had been a dealer in ink. This man was known to one of the officers of the Trust Company who out of friendship bought a violet colored ink he sold. When the safes of the company were re-



(From Andreas' History of Chicago)

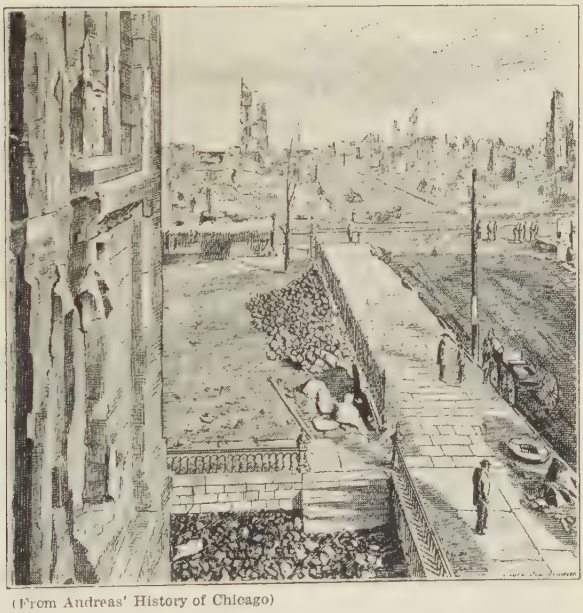
MAP OF CHICAGO SHOWING ALL EXTENSIONS UP TO THE TIME OF THE FIRE

covered it was found that the books were badly charred, but that on every page the writing stood out plainly and no record was lost. No other ink, it seems, was made more legible by the action of the flames, as was this, and thereafter the dealer's violet ink came into great demand for the keeping of valuable records.

According to records of the Merchants Loan and Trust Company, several officers of the bank, in spite of the fact that their safes had recently been put in excellent condition and declared to be of the best fireproof construction, decided that for added safety they would take all money, discounted bills, and other negotiable paper to a place of even greater safety outside the burning district. So, late at night, as the fire bore down upon them, these men opened the safes, burdened themselves with precious packages of the bank's money, and fled through the crowded streets. Before leaving they carefully closed and locked all vault doors to preserve such valuables as they were unable to carry away. Later the cashier and bookkeeper returned in the hope of removing still more, but by then the fire was so close and so intense that they could obtain nothing more than a list of the numbers of government bonds held by the bank. When the safes had cooled sufficiently to make an investigation possible, it was found that one of the large book vaults had given way to the heat and pressure of falling walls and most of the contents burned beyond any possible recognition. Among other records lost was that of some six hundred accounts, involving a sum of two million dollars. Not a scrap of paper was left the bank through which the condition of any of these accounts might be determined. Therefore, when the bank opened for business on October 18 in the basement of the president's house on Wabash Avenue—a place so small that there was not room for all those who would crowd in, and without counters on which to work—it had a printed notice inserted in several of the dailies asking depositors to bring in their accounts for verification as rapidly as possible. Each account was accompanied by proofs and affidavits as to correctness, and when such evidence was deemed sufficiently conclusive the account was at once admitted to the books of the bank without further question. Deposits were received and paid out from the first day and on that day, as on those that followed, more was received than paid out. Within a few weeks' time the books of the bank had been re-established and business was again running smoothly, all without the interruption of a single day after the reopening.

(From Andreas' History of Chicago)

CLARK AND RANDOLPH STREETS BEFORE THE FIRE



(From Andreas' History of Chicago)

CLARK AND RANDOLPH STREETS AFTER THE FIRE

In the building which the Commercial National Bank found for its temporary quarters the floors were not strong enough to bear the weight of the bank's safe which had been rescued from the ruins, so it with its valuable contents had to be left in the street outside under guard so long as business was carried on from that place.

The many difficulties with which these banks had to contend, first in finding and then in keeping temporary quarters in a city which was being rapidly rebuilt, is amply shown in the case of the First National Bank which, because the walls of its building had been left standing, was able to return to it within three months' time, but which meantime had to make three moves to temporary quarters in various parts of the city. This bank first established itself in an old warehouse on State and Sixteenth Streets—more than two miles from its former location in the business district. Next, it was moved into a building on Wabash Avenue near Twelfth Street, and still later to a frame structure on Washington Street in the business district. By January 1, 1872, the old building had been sufficiently restored so that the bank could again take up quarters there. That the bank was able to do a prosperous business in spite of having held its office in four locations at some distance from each other in less than three months' time, shows how patient the people of Chicago had to be in hunting for their journeying banks.

From among the savings banks of the city only two—the Hibernian and the Union Insurance and Trust Company, each of which had great difficulty in removing their books and papers from the ruins—had resumed business by Tuesday, October 19. Since only the smaller depositors found themselves in great need of immediate funds, far more was put into these banks, as was the case with the commercial institutions, than was withdrawn from them.

Banking in Illinois up to the time of the fire had been progressing in an orderly and prosperous manner. Chicago had become the economic nerve center of a large region in the middle west. Consequently, the destruction of some one hundred and eighty-seven millions in capital necessarily was felt throughout the whole country. Fire insurance companies carried risks amounting to over one hundred million dollars in the burned district and claims, when adjusted, amounted to more than ninety millions. Of this amount about thirty-eight million was paid immediately, but in an effort to meet the great demand many companies were forced into the hands of receivers. Of the Illinois companies involved, many were only on a

(From Andreas' History of Chicago)

RUINS OF THE MARINE BANK

(Courtesy Illinois Merchants Trust Company)

OPENING THE VAULTS OF THE MERCHANTS LOAN AND TRUST COMPANY AFTER THE FIRE

From a sketch made in 1871

paper basis, as they had received their charters through the legislatures of 1867 and 1869 which, in these two years, chartered one hundred and twenty-eight insurance companies of all kinds. Many of these were completely wiped out and such as were able to withstand the ordeal were reorganized on a sounder basis. It is to be hoped that such reorganization compensated in part for the difficulties which had been endured. It was the general belief among many that, not only would the insurance companies fail and so give them nothing on their property loss, but that the banks, whose buildings had been destroyed, must fail also. Confidence returned, however, when on Wednesday, October 11, a meeting of the principal bankers of the city was held at which it was resolved to resume business at once, and when, even before the close of the day, twelve banks had secured temporary locations, chiefly in unburned residences, and re-established themselves before the ruins had cooled.

In discussing the matter at their meeting, the bankers first thought it best to pay their depositors fifteen to twenty-five per cent until a clearer view of the future could be obtained. In the midst of this discussion Chauncey B. Blair, President of the Merchants National Bank, quietly and without rising from his chair, said:

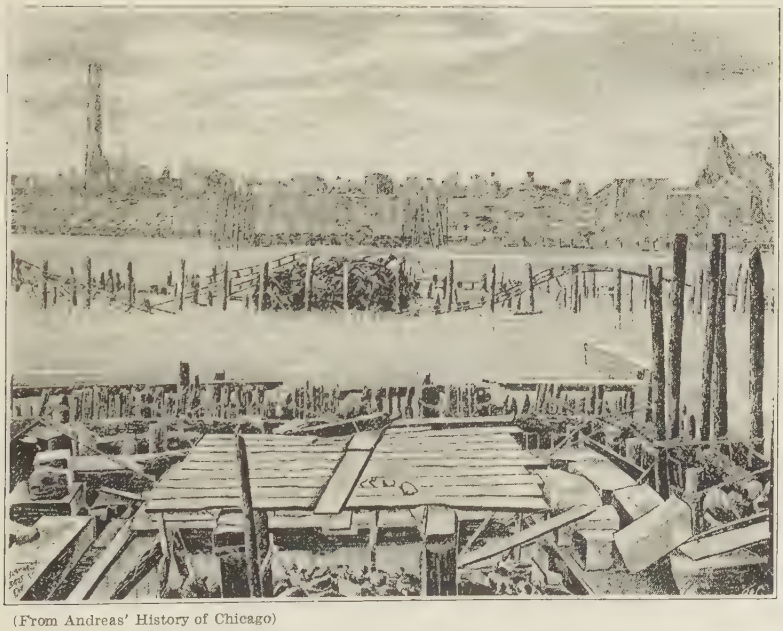
"Gentlemen, I always like to agree with my banker friends and in ordinary matters would yield to the majority, but when it comes to paying my debts or the debts of my bank, I have only this to say: I have always paid in full and always shall if I can. Perhaps I shall not even be able to pay twenty-five per cent. The safe is still closed. It may contain only ashes, but I shall do the best I can to meet all the demands of my depositors."

This expression of courage on the part of Mr. Blair was quickly seconded by George Sturges of the Northwestern National Bank. Some of the others objected, but when on the next day the Comptroller of the Currency arrived in the city to examine the banks and said that partial resumption might not be resorted to, it was agreed that every bank would pay out all demanded of it so far as it was able.

As soon as the safes could be recovered from the wreckage and opened, it was found that only one—that of the firm of L. Silverman and Company—had been so wrecked as to permit the money within it to be burned. In this instance fifty thousand dollars in gold and currency were destroyed. No other bank had a serious

(Courtesy First National Bank)

RUINS OF THE FIRST NATIONAL BANK



(From Andreas' History of Chicago)

CLARK STREET BRIDGE AFTER THE FIRE

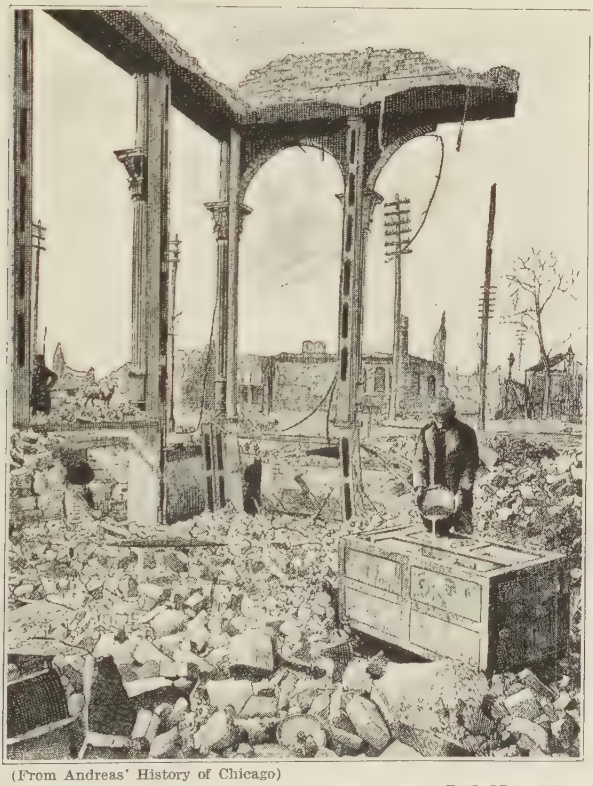
loss of actual money and in most instances the vaults were intact when found. However, relieved as the people of Chicago were to know that actual currency held in the banks had not been destroyed, they were still of the opinion that the banks would meet insurmountable difficulties in the collection of their notes. The banks themselves were no less alive to this difficulty and did everything in their power to avoid the calling of loans which might result in widespread panic and disaster. By Tuesday—one week after the fire—most of them had managed to open temporary offices and were paying out deposits unconditionally as demanded. This procedure so far restored confidence that no money was drawn except that which was actually needed. Also, large sums were being forwarded to Chicago for relief and millions of dollars were being paid by insurance companies in settlement of losses.

Scarcely had the ruins cooled when eastern capital began coming into Chicago to be invested in real estate or to set up other speculative enterprises in the burned area. Furthermore, the good crops of that year had matured unusually early—because of the hot weather—and such as had begun to move in July were now returning to the banks the money put into them. With all these unusual sources of currency supply, by November, instead of being in a state of bankruptcy, the banks found themselves troubled with idle funds. By January, 1872, the money market was described as "plethoric," and surplus funds could not all be placed even in the great building operations that were going on.

Therefore, it might seem that the banks of Chicago were actually benefited by the fire. Probably less than three hundred thousand dollars was lost on bills receivable and about a million dollars in property and money burned. Even as early as October 16, when Comptroller of the Currency Hubbard made an official examination, the banks of Chicago were found not only in a satisfactory condition, but money was pouring into the city at such a rate that almost from the very moment of resumption of business the banks held more money than before the fire. At the same time the credit of Chicago's merchants was such that loans to almost any amount were obtainable by them on request—both at home and elsewhere. Eastern and European capitalists formed associations especially for the purpose of lending money to aid in the rebuilding of the city and, as a result, millions were loaned at reasonable rates of interest

(From Andreas' History of Chicago)

SAFES PILED ON DEARBORN STREET



(From Andreas' History of Chicago)

COOLING OFF SAFE TAKEN FROM RUINS OF FIFTH NATIONAL BANK, CHICAGO

and on terms entirely satisfactory to the borrowers. With this help, the whole city was rebuilt within two years' time.

Up to the time of the fire, Chicago had grown in a haphazard way with little thought for the future requirements of a great city. There was, therefore, a great lack of uniformity in the grading for streets and buildings, which created physical obstacles for the proper growth of the city. The fire destroyed all these and thereby gave rise to a great incentive for the city's proper upbuilding. Out of the ruins there sprang a new spirit of progress almost dramatic in its scope. The commercial reach of the city broadened and the great tendency toward railroad development which had already come over the country was in large part concentrated in the west, middle west, and other regions tributary to Chicago. The west was now being settled rapidly, iron ore had been discovered in Michigan and Minnesota, and copper production was growing in value and quantity. The lumber of Michigan, Wisconsin, and Minnesota and the coal of Illinois, with adequate railroad transportation, were giving new wealth to the country and new business standing to Chicago. Also, the expansion was extending the fertile farms of the middle west which were producing in ever-increasing quantity. In the country looking to Chicago as its chief business center there was everything rated as wealth, everything which could feed business into the growing city.

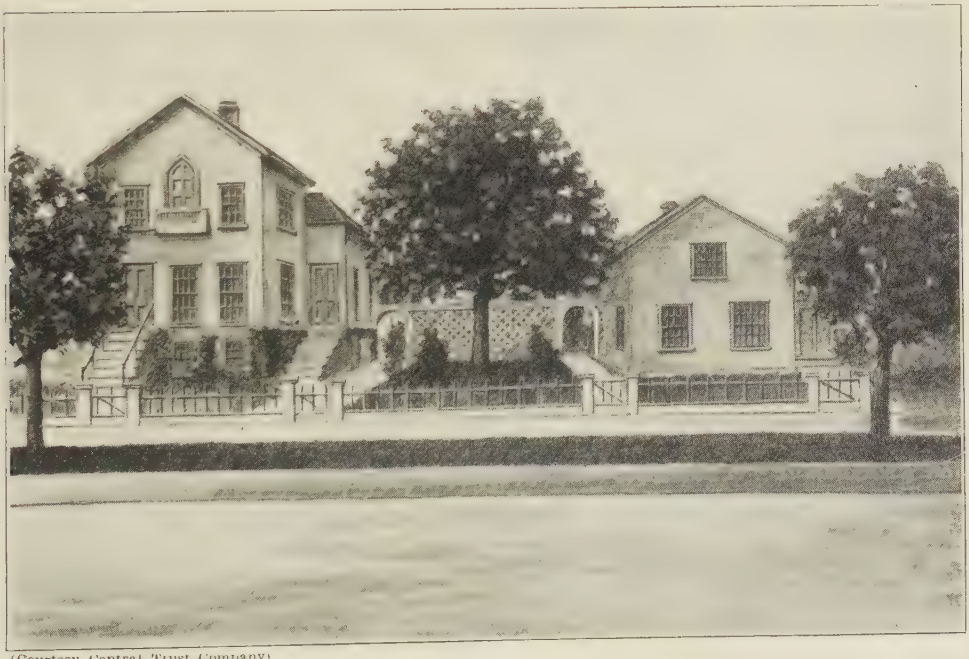
This ever-increasing business looked to the banks of Chicago for financial support. Promoters and speculators from other parts of the country who were financially interested in the developing west and north did their banking in the Illinois city. Therefore, it is little to be wondered that, although of her nineteen national banks, eighteen had their offices destroyed in the fire, the banks of Chicago were able to continue and increase their business in a way which would seem utterly impossible under such difficult conditions.

According to estimates made at the time, it was believed that these national banks had lost in buildings, furniture, and fixtures some $176,000, and on discounted paper $600,000. Later figures showed the estimated loss on bills payable to be even less than $300,000. Total bills receivable held by these banks at the time of the fire were said to amount to over $21,000,000, and liabilities to correspondent banks and depositors were placed at more than $26,000,000. (Kane: Romance and Tragedy of Banking, p. 59.) However, any loss sustained from the fire was more than

(Courtesy Central Trust Company)

THE OGDEN RESIDENCE AFTER THE FIRE

This was the only house left standing in the fire district. It occupied what is now Washington Square.



(Courtesy Central Trust Company)

FRAME HOUSES WHICH STOOD ON MONROE AT LA SALLE STREET UP TO THE TIME OF THE FIRE OF 1871

made up by the increased business which followed it. In this regard it is interesting to compare the reports on national banks of the city made by the Comptroller of the Currency one week before the outbreak of the fire and again in the following June. While new banks had been opened meantime, the following figures are only for those banks doing business before the fire:

	October 2, 1871	June 10, 1872
Capital	$ 7,800,000	$ 8,300,000
Surplus	3,242,000	3,103,497
Deposits	27,477,921	30,342,922
Loans	21,423,503	25,471,372
Cash and securities on hand	5,977,325	7,284,580

The business of savings banks was stimulated even more during this period than was that of the commercial banks and only a year after the fire they held an aggregate of more than eleven million dollars of deposits against only seven million before the fire.

The greatly increased demand for banking facilities induced the organization of two new national banks and the reorganization of one private bank under a national charter, so that within a year after the fire Chicago had twenty-two national banks. With the organization of these, the aggregate national banking capital of the city amounted to over nine million dollars with more than three million in surplus. The entire banking capital of the city, in national, state, and private institutions, was then approximately sixteen million dollars. Before the fire the combined capital of state and private banks had been $6,950,000. According to some records now available, by the end of 1872 state and national banks stood as follows:

	Capital and Surplus	Deposits
21 National Banks	$11,644,885	$23,060,507
8 State Banks	2,926,000	3,055,627
18 Savings Banks *	.....	12,013,000

Among the new banking institutions opened in Chicago immediately after the fire was an office of the Bank of Montreal which, in order to facilitate credit operations and to attract English capital because of the opportunity to profit by the high interest rates then prevailing in Chicago and the west, was opened on November 15,

* Some of these were connected with other institutions. (Andreas: History of Chicago, Vol. 3, p. 435.)

a little more than a month after the fire. This agency of the Bank of Montreal greatly assisted the forwarding of the general mercantile movement and increased credits on the east, Europe, and even China.

Thus, through the generous financial confidence given by friends and business promoters from without, together with the spirit of co-operation and progress on behalf of bankers and others within, instead of becoming a cause for nation-wide depression and prolonged financial distress, Chicago's disaster became an incentive for a business activity in which centered the prosperity of the country until the over-confidence born of that prosperity later induced a degree of speculation which could not do otherwise than lead to panic.

FIGHTING THE FIRE AT THE COURTHOUSE
From a pen and ink sketch belonging to the Central Trust Company of Illinois.

CHAPTER XII

THE PANIC OF 1873

General prosperity and railroad development—Over-financing of industries and railroads—Financial stringency during crop moving season of 1872—Precipitation of the panic of 1873—Failure of Jay Cooke and Company—Effect of the Cooke failure on business in Chicago—Suspension of cash payments in the East—Chicago's stand against the use of clearing house certificates—Subsequent movement of cash to Chicago—Rapid passing of acute panic—Business depression and bank failures continued for the next five years—General scarcity of currency—Local money issues—Federal aid—Widespread economy and consequent accumulation of unused funds—Beginning of agitation for currency inflation.

In many respects the rebuilding of Chicago after the fire was made easier because it came on the crest of a wave of widespread speculative activity. The industrial revival which followed the fire was very promising and was greatly aided by the expansion in railway building which had been going on at a remarkable rate for two or three years. Between the years 1860 and 1868 the average annual amount of new railroads built amounted to 1,499 miles. During the next four years, however, almost twenty-five thousand miles were built, or an amount equal to all the railroads that had been previously constructed in the country. In Illinois the growth of such roads between 1860 and 1868 had been only six hundred and fifty miles, but, beginning with 1869, when the total in the state was only 4,031 miles, there was an expansion which increased the total to 6,361 miles in 1872. Actually, this growth was more rapid than the population required.

Between 1861 and 1868 it is estimated that the total United States debt abroad amounted to one and one-half billion dollars. In the following five years $340,000,000 was needed annually for the financing of the great railroad expansion. This was raised chiefly by the sale of bonds and other securities, a large part of which were sold abroad. At the same time, the development of the railroads brought about expansion in other lines of business also issuing bonds

to be sold at home and abroad. Soon so many securities had been issued that the market for them fell and holders abroad began to force them on the market here until even Americans would not buy them and began to lose confidence in the stability of the enterprises behind this vast flood of securities. In order to preserve a situation which threatened to end in disaster, the banks and other financial institutions of the country bought these securities to the limit of their ability and soon had far too great a proportion of their assets, which should have been liquid, tied up in the issues of roads and other enterprises, many of which were located in sections of the country as yet unsettled and from which suitable dividends could not be expected for many years to come.

In the autumn of 1872 some financial stringency was felt by city banks—particularly in New York—at crop moving time. Crops had been good and heavy withdrawals were made for moving them. The city banks, because of their large investments in securities had not left an adequate surplus of ready currency to meet this demand and matters appeared serious for a time. The government came to the rescue, however, and eased the situation by entering the market for its bonds and so released some five million dollars in gold.

The next year the movement of crops began early in September and at first affairs seemed far better than they had been in 1872, but, as the demands grew during the early part of the month, some of the New York banks again found themselves unable to supply the needed currency and this time called some of their loans. The speculative excitement during the past five years had appreciated values to an abnormal extent and this situation had been further emphasized by the fire in Chicago. Therefore, with the first calling of loans in New York the house of cards began to waver. A shrinkage set in which created a sudden demand from all quarters for ready money. Real estate and securities depreciated and those banks which had an undue proportion of their funds invested in such, suddenly found themselves unable to meet the demands of their depositors. Some of these institutions found suspension necessary. This brought about a further calling of loans and with it the failure of institutions of other types. On September 20 the New York Stock Exchange was closed for ten days. In making his report for the year Comptroller of the Currency, John Jay Knox, said in part:

"The money market had become overloaded with debt, the cost of railroad construction for the preceding five years being estimated

to have been $1,700,000,000 or about $340,000,000 annually, while debt based upon almost every species of property —state, city, town, manufacturing corporations, and mining companies—had been sold in the market. Such bonds and stocks had been disposed of to a considerable extent in foreign markets, and so long as this continued, the sale of such securities could no longer be effected abroad, the bonds of railroads and other enterprises of like nature which were in process of construction were thus forced upon the market, until their negotiation became almost impossible. The bankers of the city of New York, who were burdened with the loan, could not respond to the demands of their creditors, the numerous holders of similar securities became alarmed and the panic soon extended throughout the country."

Mr. Knox also stated that he believed the banks of New York were largely responsible for the conditions bringing on the panic through their intimate relations with the transactions of the Stock Exchange which fostered fictitious values at home and abroad on railroad and other securities. When, as a result, a foreign market could no longer be obtained, these issues were dumped on an already overladen home market.

As early as the second week of September there were a few small failures, but these were not recognized as the beginning of a great storm and were given little attention. Nor was there a recognition of the fact that everything was now ready to favor a great panic. There were disorders in public finance and a multiplicity of railroad and other enterprises with scheme upon scheme for selling their securities. These developments had revolutionized the price of grain and disturbed the status of the farmer. At the same time a similar expansion was taking place abroad, particularly in Russia and South America where additional supplies, together with readjustments in trade resulting from the Suez Canal, gave industrial development sudden spurts beyond all imaginings or calculation. With the growth in railways, there developed an increased demand for iron, which in turn reacted upon other industries, until there seemed no end to possibilities for speculation in the industrial world. Matters had now reached such a state that it was difficult to go further without an overthrow and a reconstruction. So, when one small card fell out of the great house of cards, the remainder was bound to topple also.

As is usually the case with panics, this one started in the failure

of one large house. The real beginning came on September 8, 1873, when the Warehouse Security Company of New York City failed. This company made advances to dealers in grain and produce, but had somehow become involved in the financing of the Missouri, Kansas, and Texas Railroad. Next came the downfall of the banking house of Kenyon, Cox and Company which had been similarly involved through indorsement of paper of the Canada Southern Railroad. Then followed a number of smaller stock-brokerage houses, but even yet the situation was not recognized as one of real calamity.

The immediate responsibility for what developed into the greatest economic catastrophe known in this country up to that time, rests with some of the minority partners of Jay Cooke and Company—the firm that had financed the Civil war after other bankers and the Treasury Department itself had failed in an effort to float a sufficient quantity of government bonds to meet immediate expenses. Through its close connection with the securities of the United States and the long and most highly respected financial career of Jay Cooke himself, this house had come to be known as a pillar of financial strength.

Jay Cooke and Company had involved itself rather deeply in promoting the great Northern Pacific Railroad. In this venture Mr. Cooke himself had every confidence, but because much of the road ran through territory not yet settled his partners did not always share his great enthusiasm. Rumors spread from time to time discrediting the financial success of the road and, as a result, cast reflections on the strength of Jay Cooke and Company. Consequently, when on the morning of September 18 a number of bankers met with and questioned one of Mr. Cooke's minority partners, he, without consulting his chief, decided that it was best to close the doors of the firm. When Mr. Cooke himself arrived on the scene a little later, he was amazed at what had taken place. Under no circumstances would he have permitted such a thing to happen had he been consulted. The firm at that moment had assets worth twice its liabilities, it was not overly involved in Northern Pacific financing, and Mr. Cooke personally owned large holdings of real estate which were unencumbered and which he would gladly have turned over to the house in order to save it. Similarly, other partners in the firm were possessed of large fortunes available to the needs of the house. He arrived too late, however, to avert the catastrophe which the unwise act of a minority partner had now brought upon the country.

When the news of the closing of Jay Cooke and Company—September 18, 1873—was first spread, nobody would believe it could be true. In New York a special announcement had to be made from the floor of the Stock Exchange before it would be accepted as fact. This announcement, it is said, was followed by a short silence, and then there arose an uproar which soon spread throughout the country. Everywhere it was felt that when the house of Jay Cooke and Company could fail the country was all but doomed. As messengers ran with the story of ruin, stocks all down the line fell at a tremendous rate. Western Union lost ten points in as many minutes. No one bothered to deal in fractions in his great haste to sell his holdings. It is said that in Philadelphia the report was believed so preposterous that a little newsboy who shouted "Extra—All about the failure of Jay Cooke," was arrested.

The following day proved to be another "Black Friday" for, once the house of Cooke had gone under, there was nothing longer to sustain others involved in railroad financing.

Upon receipt of the news of the failure of Jay Cooke and Company Chicago real estate, which had been speculated in so actively since the fire, proceeded to decline. Along with this decline came a drop in real estate securities all over the country. Then followed confusion everywhere. Deposits were withdrawn from the banks and at the same time country banks were calling for funds to tide them over. The bankers of New York, Boston, and Philadelphia did not resort to the suspension of specie payments during this panic because specie payments had never been resumed after the Civil war. But, on September 26, 1873, they did find themselves compelled to suspend cash payments, largely because of the natural tendency of small depositors to call for greenbacks and national bank notes in order that they might hoard them. Clearing House loan certificates and certified checks were resorted to. In many instances this simply amounted to a refusal to cash checks for large amounts and, instead, the banks would stamp them "payable through the Clearing House." When thus certified and indorsed these checks became a medium of exchange which passed through many hands before being deposited. On the whole the suspension was not as complete as in the later panics of 1893 and 1907, for many banks continued to cash small checks for their customers.

At a meeting that lasted far into the night, Chicago bankers had all but decided to follow the example of eastern banks in the sus-

pension of currency payments when George Sturges, President of the Northwestern National Bank, and Chauncey B. Blair, President of the Merchant's National, this time aided by Solomon A. Smith, President of the Merchant's Savings, Loan and Trust Company, once more protested. The bold policy these men had urged at the time of the fire had worked out so well that they believed it should be resorted to again. This time they meant to rely on the technically strong position of the city as the country's chief depot of food supplies. They even went so far as to declare that no matter what the others might do, their banks would continue to meet all obligations on demand. When the vote was taken, Lyman J. Gage of the First National Bank was found to be against the use of Clearing House Certificates, thus making it clear that the majority opposed the move for suspension.

Anxious days followed. The refusal of Chicago's bankers to follow the lead of the east brought a considerable amount of unpleasant criticism upon the city. Some sections of Illinois did not conform with the action of Chicago. In Bloomington, Peoria, and Danville it was decided to pay only small checks in currency, giving certified checks for larger amounts, but just what constituted a small check seems never to have been agreed upon. Some banks paid none larger than twenty-five dollars while others considered a check for one thousand dollars small. On at least one occasion newspapers announced in glaring headlines that all the banks in Chicago had suspended, and this brought about a run on the banks both by city and country depositors, which greatly agitated the panic in Chicago.

In all of these difficulties the bankers of Chicago showed a splendid spirit of mutual helpfulness. They were greatly assisted by the fact that the situation here was never so serious as in the east and the need for Clearing House certificates was not so pressing. The action of eastern banks had sent currency up to a premium of from one-fourth of one per cent to three per cent over certified checks. Business was at such a standstill that commodities could be purchased very cheaply for cash in Chicago. Consequently, people came to the city to purchase western grain at low prices with currency which was at a premium. As much as a quarter of a million dollars flowed into Chciago from this source in a single day. Crops that year had been large and the demand for money to move them, which had precipitated the panic in the east, now caused its early let-up in the west to which that money belonged.

Although the acute stage of the crisis was of only short duration, it was sufficiently long to permit the suspension of a number of national banks of Chicago. On the morning of September 26, 1873, five—the Union, Cook County, Second, Manufacturers, and National Bank of Commerce—closed their doors. Two days later the Third National followed, but on the twenty-ninth the Union and Cook County banks resumed business. The Union National, however, was able to survive only for a day and its second suspension on the thirtieth gave a great shock to the confidence of the people throughout the west. This bank had probably had one-third of all the country bank deposits held in Chicago. Its failure may have helped settle the panic condition, as it reduced the demand on currency by just that much.

William F. Coolbaugh, president of the Union National Bank, had taken great pride in the fact that his was the largest bank in the city of Chicago. The First National, which for many years stood out as the largest, had not yet attained that enviable position, but ran a close second to the Union National.

Furthermore, President Coolbaugh was equally prominent for a number of other worthy interests and activities, not least among them the building of a permanent exposition building which stood on the site now occupied by the Art Institute. This building was completed and opened to the public with great ceremony on the evening of the day upon which the first closing of the Union National Bank occurred. That first closing, it is said, had been voluntary on Mr. Coolbaugh's part. It seems that his bank carried a deposit amounting to something like $1,400,000 which belonged to the county. The treasurer announced that he intended to withdraw all of this large amount. Mr. Coolbaugh tried to dissuade him by insisting that it would be a very unjust action in times so strenuous, but the treasurer insisted, so to prevent the withdrawal and the consequent bad effect on his bank, Mr. Coolbaugh simply ordered the doors closed.

That very evening he was required to act as chairman at the big opening of the new exposition building and all Chicago marveled at the great calm and apparent happiness with which he performed the duty.

That day, however, ended the claim of the Union National Bank to first place in Chicago and, as Mr. Coolbaugh watched its affairs grow less and less stable while the First National continued to grow in strength and size, he found life increasingly less worth enduring,

and not long thereafter his lifeless body was found at the foot of the Douglas Monument on the south side of Chicago.

The speed with which the panic ended did not bring any real relief, for the resulting business prostration was such that the country as a whole did not recover for several years—in fact, not until after the resumption of specie payments on January 1, 1879. There was a long period in which it was difficult to get enough currency to meet business obligations. In some instances store orders were issued and other forms of local currency devised. The city government of Chicago issued five and ten dollar notes. During this difficult time twenty-one banks failed in Chicago alone, but after that it was nineteen years before there was to be another bank failure in the city.

In an address given before the Congress of Commerce and Finance at the Chicago World's Fair in 1893, Lyman Gage of the First National Bank said:

"After the panic of 1873 I visited a not far distant town of moderate size, and from the most important merchant in the place I heard this story: 'For a week or ten days during the panic,' he said, 'business here came to a standstill. We did absolutely nothing. But one day we received a one-hundred dollar bill by express from a distant town, with the direction to credit it upon the open account of the sender. We looked at the bill with interest and curiosity, and after conferring together, concluded to send it to Mr. A to whom we owed a small account, knowing that he was in need. About three o'clock in the afternoon a wagon maker in the village came into our office with a broad smile upon his face and said: "I am glad to pay you one hundred dollars on account. It is the first money I have seen in a good while." We took the money from his hand, and discovered it to be the same note we had received by express in the morning. We asked him where he got it, thinking he would reply that he received it from Mr. A, to whom we had paid it. He informed us that he had received it from Mr. D. We then followed the history of the note back, and found the facts to be that it had paid us one hundred dollars of debt in the morning, and had liquidated six other debts of one hundred dollars each during the day, and in the afternoon it had come back to us, liquidating another debt of one hundred dollars, and we still had the note on hand for fresh operations tomorrow."

Some relief came from the Federal government which purchased bonds amounting to twelve million dollars and exchanged several millions of currency for certificates of deposit. Also, in January,

1874, the Secretary of the Treasury was persuaded to issue an additional twenty-six million in legal tenders against the purchase of government bonds. Even all this, however, had little effect, as in large part the bonds purchased came from savings banks and so the funds set free did not reach the commercial banks where they were most needed. Nevertheless, the resulting psychological effect was itself of great benefit to commercial institutions.

For five years there was much unemployment, commerce was halted, railroads defaulted in interest on their bonds, receiverships were frequent, and business was slow. This long depression reached every line of activity, and soon all uses for money began to disappear. Everybody practiced economy, some from fear, some from habit, and some because of a real lack of means. Prices were low, profits small, and but few new enterprises were begun. Idle money in appreciable amounts began to accumulate in the banks.

Meantime there had grown up an active agitation for the inflation of currency so that prices might be increased and prosperity returned. For a long time before the panic the government had been retiring its notes and thereby contracting the currency. Now it was urged that this practice not only be discontinued, but that, instead, more money be issued. It is possible that those behind this policy were right in a measure at least, for the temporary relief that came had largely followed a yielding to these wishes on the part of the government. The pressure was particularly strong in Congress where many members were business men; some were themselves financially embarrassed by the panic; others feared for the business houses in which they had an interest; all of them urged more money, confident that it would bring the needed relief. At the same time, their constituents were sending them innumerable letters each day, all urging paper money. They remembered the good times during the war when money had been inflated and they believed that an increase in its supply now would have an equally exhilarating effect. Finally, they succeeded in putting a bill through the Senate and the House increasing the amount of legal tender notes to $400,000,000 and authorizing an additional issue of $46,000,000 in bank notes; all of which was to be distributed to the banks of the south and west. However, when the bill reached President Grant he promptly vetoed it; in part this action broke the back of the inflationists and at the same time turned the government to a sound financial policy.

When their plans for securing cheap money failed, the inflation-

ists next turned their attention to the coinage of silver, but in this field also they were unsuccessful so far as their immediate needs were concerned.

In the midst of this discontent with national financing, the bankers of Illinois suddenly came to a realization of the fact that the old Free Banking Law of the state, which it was generally supposed had been repealed back in 1867, had as a matter of fact not been repealed until the winter of 1873, nor was this ruling to go into final effect until July 1, 1874. Since the Free Banking Law was liberal in the extreme and granted those operating under it privileges that could never in all probability be obtained under any other legislation, there was a great rush for charters during the last week in June. For the most part these charters were taken out by speculators who hoped to sell them at a great profit, but as there were five years of extreme depression still to follow, it is not likely that they proved to be as worth while as had been hoped.

NATIONAL BANKS IN ILLINOIS

(000 omitted)

Year	Number	Loans	Deposits	Circulation
1869	83	$32,924	$18,923	$ 9,819
1870	81	27,821	21,608	10,132
1871	110	36,223	28,720	13,644
1872	132	43,069	32,595	15,600
1873	134	44,768	32,564	15,262

From this table it may be seen that deposits and circulation together increased sixty-five per cent in four years. The expansion of bank credit in Illinois during this period showed an even greater growth than in the nation as a whole. (Centennial History of Illinois, Vol. 4, p, 276.)

CHAPTER XIII

MONETARY DEVELOPMENTS FOLLOWING DEPRESSION

Illinois as a stronghold for the "greenbackers"—Beginning of the silver agitation—Passing of the Bland-Allison Bill for remonetization of silver—Savings Bank crash of 1877—Rise of the Building and Loan Association—Efforts toward regulation of savings banks—Settlement of the question regarding position of the United States as a creditor—Panic of 1884—Revival of canal agitation—Prosperity of 1880 and subsequent growth of banks—General banking law of 1877.

During the depression that followed the panic of 1873 so much factional division over the currency arose in Illinois as to break party ties and permit the "Greenbackers," who had already begun the perfection of an organization elsewhere, to make this state their stronghold. About the currency question also clustered a number of banking, bond, land, and railroad issues that made the farmers' organization willing to merge itself into the greenback movement. This combination soon grew into the "Greenback Labor Party," a fairly strong and much dreaded organization.

On February 16, 1874, the Greenbackers called an independent convention at Decatur. Two hundred and ninety-nine delegates, representing sixty-five counties of the state, were present. W. C. Flagg of Madison County was chosen to lead them and a party platform was adopted, the chief plank of which read:

"We demand the repeal of the Specie Resumption and National Bank Acts and the substitution of legal-tender paper money for the National Bank circulation; the perfecting of a monetary system based upon the faith and resources of the nation and adapted to the demands of legitimate business, which money shall be a legal-tender in payment of all debts, public and private, duties on imports included, except that portion of the interest and principal of the present public debt that is by the express terms of the law creating it made payable in metallic money; this money to be made interchange-

able at the option of the holders with registered Government bonds bearing a rate of interest not exceeding 3.65 per cent per annum."

While this platform drew the support of inflationists in both the other parties, it also called for the opposition of sound money men in both.

One June 2, 1880, the Republican National Convention met in Chicago and a week later the Greenback delegates met in convention in Chicago also. The latter nominated James B. Weaver of Iowa for President and E. J. Chambers of Texas for Vice-President. In their platform was now incorporated the plank adopted by the Illinois state convention of 1874, which declared that legal tender currency should be substituted for the notes of national banks. Also it was declared that the national banking system should be abolished and that unlimited coinage of silver as well as gold be established by law.

At the same time the Illinois members of this group nominated for state officers for Illinois, Alson J. Streeter for Governor and A. M. Adair for Lieutenant-Governor.

In spite of the awe the Greenback party had come to inspire, the following election was a Republican victory. In Illinois the Greenback vote was less than one-half as great as it had been in the state election two years before and of the nineteen representatives elected to Congress, thirteen were Republicans and six Democrats. Thus, the Greenback party was deprived of its representation.

Since the government would not listen to the clamor aroused by those in favor of paper money, the inflationists next sought to accomplish their purpose by advocating the full resumption of silver coinage in the ratio of sixteen to one. An increased production of silver in the western states had so decreased its price that those interested in silver mines were glad to add their weight to the demand for silver coin in the hope that, in addition to giving the country cheap money, it would also increase the demand for their stocks of metal.

From 1834 up to the time of the Civil war the mint of the United States had been opened to the coinage of silver dollars. However, the price of silver was such that for much of this time the metal was worth more as bullion than as coin. Consequently, silver dollars had not been coined and by the early seventies the silver dollar had become practically unknown. When, in 1873, Congress did pass a coinage act in anticipation of an eventual return to a specie basis, it naturally omitted all provision for the coinage of silver dollars. At

the time this omission was taken as a matter of course and attracted no attention until a few years later when the heavy output of silver mines caused the price to decline. Soon the cry went abroad that the price of silver had fallen because there was a ban on the coinage of silver dollars. Western politicians incorporated silver planks in their platforms and for the next twenty years denounced the "crime of Seventy-Three."

During the winter of 1877-8 the silver discussion in Congress brought about intense excitement throughout the whole country. The "Crime of Seventy-Three" was talked of everywhere. In Illinois no party distinctions could be made on this question as all parties firmly took issue against the government's "evil conspiracy against the welfare of the American people." No matter how loudly Chicago bankers might talk against the silver bill, their protests were drowned in the chorus of support on every hand. Everywhere in the state it was firmly believed that it would be impossible for the country to recover from depression while its money continued to rise in purchasing power, and property and wages to decline. With every advance in the gold dollar came a rise in the weight of debt and taxation, while wages and employment fell off. Feeling in the west was bitter against the east where a sentiment for sound money generally prevailed. Newspapers denounced eastern "gold-grabbers" who, they said, were acting the part of vampires, sucking the life-blood from productive enterprise. At a convention held in Springfield a resolution was passed which said: "We view with intense indignation the efforts now being made by the money power of New York and other cities of the east, to enforce public opinion in the west and south upon the question of silver remonetization. . . . We say most emphatically that the honest convictions of the people of this section of the Union will never be surrendered at the dictation of greedy capitalists and bondholders, let the consequences be what they may. The dollar, it was further said, had been "surreptitiously" withdrawn from the currency of the nation in 1873.

Eventually this faction won what was then considered a victory over Wall Street. Remonetization was successfully installed and Illinois rejoiced. In the issue of March 1, 1878, the Chicago Tribune said: "For the first time, perhaps, since the war, there has been a legislation on a question of finance which has not been inspired by and in the interest of those who live by gambling in money and pub-

lic securities." The Bland-Allison Bill, requiring the United States to purchase annually a large quantity of silver, had been passed over the President's veto.

Actually this was a defeat for the Greenbackers, but they were able to rejoice with the others in the belief that in the long run this act would result in a victory for their cause. This new legislation, they said, would bring "honest" money and harder times instead of the prosperity their inflated paper could produce.

Considering the long years of depression interrupted only by occasional flare-backs to the panic of 1873, it is little to be wondered that so much agitation for currency reform existed. In June of 1877 one of the most serious of the small crises of the period occurred in the form of what was known as the savings bank crash of Chicago.

Such savings banks as existed in the state at this time were largely relics of the old state charters granted before the national system went into effect. These banks, along with all others, had found increasingly good business after the fire, but unlike the commercial institutions, the savings banks had also benefited by the panic of 1873. When that crisis brought a decline in real estate and real estate securities, money intended for such investments was put into savings instead. In order to attract as large an amount of these funds as possible, the banks were paying as high as six per cent to depositors, a rate which could not easily be earned with any degree of safety in the long years of depression that followed. Furthermore, by now the market was so sensitive that a run instituted on the savings banks of St. Louis created great alarm in many other cities. In Chicago the situation was particularly acute, and in 1877 eight banks failed—the Merchants, Farmers and Mechanics Savings Bank, which was looted by its president and cashier so that it could pay only ten per cent to its depositors; the Fidelity Savings Bank; the Third National Bank; the Central National; the German-American Savings Bank; the German National; the German Savings Bank; and Henry Greenebaum and Company; all of the last three being under one management. Where the savings banks were established as departments of commercial banks, the savings end of the business was generally subordinate to all others and, accordingly, exposed to all the risks of ordinary banking.

As a rule the savings banks catered chiefly to people drawing wages and small salaries, consequently their downfall was a great shock to the community and for some time thereafter few could be

found who had sufficient confidence in these institutions to entrust them with their money. The savings of the people were diverted into another type of institution—the building and loan association —which soon came into great popularity throughout the city. The first of these had been established in Chicago in 1869, but not until after the savings bank crash did such organizations come into real prominence and even then did not reach their height until a law regulating them was passed in 1879. After that their growth was rapid in all parts of the state.

Since some few savings banks survived the crash, there was set up a popular demand for legislation regulating these institutions, but it was ten years before anything was done. Then the assembly passed an act for the formation of savings banks by any thirteen or more citizens of the state, two-thirds of whom should reside in the county where the proposed bank was to be located. The trustees were to own unencumbered real estate, worth in the aggregate at least one hundred thousand dollars, situated in the county where the bank was to be established. No trustee was permitted to accept pay for his services or to borrow from the bank, and limitations were set on the investments that could be made with deposits. Also, it was provided that the aggregate deposit received from any one person must be limited to three thousand dollars. Banking powers of discount were prohibited. Annual reports had to be made, and there was to be a biennial examination by the superintendent of banking.

Within two years following the passage of this law, two savings banks were organized—the Decatur Mutual Savings Association and the Chicago Society for Savings. Before there was time to prove the usefulness of the act, however, it was declared unconstitutional because it had not been submitted to the people for vote as required by the constitution. This detail had been neglected because, since the act prohibited these associations from exercising ordinary banking powers, the legislature did not consider it properly a banking act. At the time the act was passed, Governor Oglesby at first considered a veto, as it was not to be put before the people, but later he decided that the legislature was right and it was unnecessary to submit the bill to a vote.

There has been no provision made since that time for the organization of savings banks in Illinois and but few institutions devoted entirely to savings are in existence in the state.

Largely because of the crash of savings banks in 1877, the legislature of 1879 passed an act providing that if any banker received money or other valuable article transferable by delivery for deposit when the bank was insolvent he should be deemed guilty of embezzlement. Furthermore this act provided that the taking of a deposit within thirty days before the failure of a bank would constitute evidence of intention to defraud.

Another outgrowth of panic conditions in Chicago was national in its scope and forever settled the question of the government's position as a depositor in failed banks. Of the banks which failed in Illinois during this period a number had been depositories of government funds. Under the National Bank Act it was required that a pro rata distribution of realized assets of failed institutions should be made among all creditors. In spite of this, the Treasurer of the United States raised the question as to whether an old law of 1797 making the United States a preferred creditor in the case of bankrupts did not continue to apply to insolvent national banks. In 1882 this was taken to the United States Supreme Court in connection with the case of the Cook County National Bank of Chicago, with the resulting decision that the United States was not a preferred creditor of an insolvent national bank.

The long siege of depression had somewhat abated with the resumption of specie payments in 1879, but recovery was so slow that there again occurred a noticeable slackening of the speed of business in 1882, which settled down into increased depression during the next year and culminated in another panic in 1884. In Chicago, moreover, the large liabilities of 1883 made that year even more serious than the one of actual panic. There were runs of not very great importance on some of the Chicago banks, although no serious consequences resulted. No national bank failure occurred in Chicago and only two in other parts of the state—the First National of Monmouth and the Farmer's National of Bushnell. These two failures resulted from a general shrinkage of values which occurred not only in Illinois but also throughout the country. In 1885 a quick recovery set in and business became fundamentally sound.

The railroad development which, in part at least, had been responsible for the panic of 1873 and the long depression following, was destined to bring the Illinois-Michigan Canal, which had played so active and often tragic a part in the financial history of the state, into prominence once more.

During the years 1873 and 1874, Chicago received 12,425,705 bushels of wheat by way of the Canal, but in the same period 16,279,634 bushels entered the city over the Rock Island railroad alone. It was plain that, in spite of all that might be said in favor of the transportation of freight by water, the railroads were getting the business in the Canal's territory. A spirited contest started between the two routes and, although transportation over the Canal was urged vigorously, its share of business rapidly fell off. Even the General Assembly which convened January 5, 1881, had come to think the Canal of so little use as not to pass any legislation for its assistance. Next year, the Governor called a special session which sat from March 23 to May 6 in the hope that something might be done, but when the canal question was placed before the people a large majority voted to cede the Canal to the Federal government as a part of a lakes-to-gulf waterway.

On August 17, 1871, the Canal had been turned over to the state with all debts paid and a balance of $92,100 to its credit. This credit was rapidly absorbed, and after 1880 only deficits were shown. As a result, all efforts on behalf of the friends of the Canal to increase its size or in other ways to improve it, were met with scant enthusiasm and even those in favor of such improvements could offer only weak excuses for making them. For a time the Canal succeeded in holding a rather steady amount of tonnage, but as the shipments in the state as a whole were rapidly increasing, this meant that the Canal was losing out at a fairly rapid rate. The whole story is rather adequately shown in the following table:

Operations on the Illinois and Michigan Canal, 1870-1893

Year	Boats Running	Clearances	Tons Transported	Gross Expenses	Tolls	Surplus or Deficit
1870	179	2,902	585,975	$108,695	$149,635	$40,940 Surplus
1875[a]	142	3,554	670,025	74,511	107,081	32,570 Surplus
1880	133	4,536	751,360	125,601	92,296	33,405 Deficit
1885	135	3,990	827,355	86,393	66,800	19,593 Deficit
1890	104	2,920	742,392	75,125	55,112	20,013 Deficit
1893	82	2,452	529,816	59,522	38,702	20,820 Deficit

As soon as the first signs of a permanent recovery began to manifest themselves in 1879, business developed so rapidly that in 1880 bank deposits in Chicago alone amounted to $64,764,000, as against

[a] After 1872 the table includes clearances from the locks at Henry and Copperas Creek on the Illinois River. (Centennial History, 4:348.)

approximately $47,000,000 in the previous year. Clearing house returns showed an increase of nearly five hundred million in that year and of five hundred and twenty-five million in the next. As early as 1880 Chicago had reached second place in amount of deposits among the banking centers of the country and in 1881 she was still more prosperous.

Banks were by this time finding it to their advantage to increase their capital and did so to such an extent that clearing-house institutions alone increased their stock by $3,800,000 in the year 1881. In 1882 clearing house returns increased by $137,439,400, and the next year nearly every bank of consequence in Chicago paid stockholders dividends ranging from ten to fifteen per cent and also added liberal balances to surplus accounts. By 1884, even though the city was not yet fifty years old, Chicago could boast the fourth largest financial institution in the whole country. Banking business had become so good that the Metropolitan National Bank, organized in 1884, was able to pay its first dividend in less than nine months' time. Practically speaking, there was no national or state chartered bank not paying substantial dividends.

Again in 1885 a number of the larger institutions increased their capital—nor was this an indication of inflation, but rather of a steady business growth resulting from sound management and an ever growing tendency of eastern business to pass through the hands of Chicago's bankers.

Since, at the time of the installation of national banks, Illinois had become so thoroughly disgusted with her efforts at creating state banks as to have been practically without a banking system and was therefore ready to support the new national institutions to the utmost, it is interesting to see with what splendid hospitality she continued to receive national banks. Although many private institutions had by now received charters under the state, still, in large part, the commercial banking of Illinois was done under national charters. The following table shows the growth of such institutions in ten-year periods from the close of the Civil war:

National Banks in Illinois, 1867-1891

Year	Number.	Capital.	Deposits.	Circulation.
1867	82	$11,620,000	$19,181,114	$9,485,023
1877	144	18,046,000	33,469,893	9,038,398
1887	178	29,391,500	83,409,526	5,036,455
1891	202	36,376,000	118,119,492	5,170,352

Of all the events that occurred in the period after the panic of 1873, that of greatest import to the banks of Illinois occurred on June 16, 1887, when the General Assembly passed the first general banking law that had been enacted since the adoption of the constitution of 1870. This law, ratified by the citizens of Illinois at the subsequent election, included the following provisions for the future banking of the state:

Permission to establish a bank must be secured from the auditor of public accounts who, before giving his consent, must first make a thorough examination and satisfy himself that those applying would endeavor to establish a properly managed bank. Once convinced of the integrity and ability of the organizers of the proposed banking association, the state auditor might issue a certificate permitting the bank to begin business.

These banks were to be organized for the purposes of discount and deposit, to buy and sell exchange, and do a general banking business. They might loan money on personal and real security and accept and execute trusts.

Each shareholder was to be held individually responsible for all debts of the bank up to the amount of his stock holdings at par in addition to the amount he had invested in such stock.

The state auditor was to examine the affairs of each bank as often as he deemed necessary, and not less often than once each year.

These banks might not own real estate, except for the purposes of their business and to secure debts, and might not carry any of that, except the banking house itself, for more than five years after acquiring title.

No borrower might have more than the equivalent of one-tenth part of the amount of the actually paid-in capital of the bank, except that the discount of bills of exchange against existing values and of commercial business paper need not be considered as money borrowed. All banks in towns of less than five thousand inhabitants must have a capital stock of not less than twenty-five thousand dollars. Fifty thousand dollars in capital was required of banks in communities having a population up to ten thousand.

When the capital of a bank became impaired, it was the duty of the state auditor to give notice to the officers to have the impairment made good by the assessment of stockholders or the reduction of capital stock. Should the bank fail to make such settlement or reduc-

tion, the state auditor might sue the stockholders and compel payment or wind up the affairs of the bank, as he saw fit.

All corporations with banking powers existing by virtue of special charters were made subject to the provisions of this act. There were then twenty-six such banks in the state as follows:

Name	Location	Capital
Alton Savings Bank	Alton	$ 100,000
Bank of Illinois	Chicago	100,000
Belleville Savings Bank	Belleville	150,000
Chicago Trust and Savings Bank	Chicago	350,000
Corn Exchange Bank of Chicago	Chicago	1,000,000
Dime Savings Bank	Chicago	69,475
Enterprise Savings Bank	Cairo	50,000
Home Savings Bank	Chicago	5,000
Illinois Trust and Savings Bank	Chicago	1,000,000
International Bank	Chicago	486,000
Northwestern Bond and Trust Company	Chicago	100,000
Peoples Bank of Rockford	Rockford	125,000
Pullman Loan and Savings Bank	Pullman	100,000
Springfield Marine Bank	Springfield	85,500
East St. Louis Bank	East St. Louis	40,000
Elgin City Banking Co	Elgin	60,000
Farmers' and Mechanics' Bank	Galesburg	100,000
Hibernian Banking Association	Chicago	111,000
Merchants Loan and Trust Co	Chicago	2,000,000
Moline Savings Bank	Moline	none
Montgomery County Loan and Trust Co.	Hillsboro	50,000
People's Bank of Bloomington	Bloomington	100,000
Sangamon Loan and Trust Company	Springfield	58,323
Union Trust Company	Chicago	500,000
Workingmen's Banking Company	East St. Louis	50,000
Western Trust and Savings Bank	Chicago	100,000
Total		$6,890,298

After the act had been voted upon by the people, it was discovered that no provision had been made for the establishment of banks in cities of more than ten thousand inhabitants. The next year, therefore, an amendment was added providing that in cities of from ten to fifty thousand population, banks must have a minimum capital of one hundred thousand dollars and in cities of over fifty thousand, two hundred thousand dollars in capital was required. Also, this amendment required that each director must hold in his own name

(Report of the Auditor of Public Accounts, 1890, 1:13 ff; Laws of 1887, p. 89 ff.)

at least ten shares of stock in the bank with a par value of one hundred dollars a share. (Laws of 1889, pp. 58-59.)

This law, which first went into effect on December 6, 1888, is in all essentials the one under which the state still operates. In many respects it follows the main features of the National Bank Act, but permits a wider range of business. Because of its many attractive features it largely put an end to private banking and also created a tendency for new banks to organize under it rather than under the more limited national act.

The same legislature which passed the general banking act also passed an act providing for the organization of trust companies. It contained the following provisions:

Any corporation organized under the laws of the state for the purpose of accepting and executing trusts may be appointed assignee, or trustee and executor.

The amount of money which such corporation may have on deposit at any time shall not exceed ten times its paid-up capital and surplus and its outstanding loans must not exceed that amount.

Before accepting any appointment or deposit, each company must deposit with the auditor of public accounts, $200,000 in stocks of the United States or of Illinois, or in approved mortgages on real estate. In 1897 this section was amended to provide for a deposit with the state auditor of securities worth $200,000 in cities of over one hundred thousand and for those with a smaller population, only fifty thousand dollars was required. Also, provision was made for larger deposits in case the estates held exceeded ten times the amount thus deposited. (Laws of 1897, p. 187.)

Each company must procure a certificate of authority from the Auditor of Public Accounts before accepting any trust or deposit. Annual reports and examinations must be made and more frequent reports might be called for.

During the first few years after the ratification of the state banking law state banks increased rapidly in number and capital, loans and deposits. By November, 1890, fifty-four permits for organization had been issued and twenty-four banks were operating. Loans and discounts totaled $48,025,615 and the combined capital of the banks was $10,212,500. (Auditor's Report, 1890, p. 14; 1892, p. 14.) Two years later one hundred and ten permits had been issued and loans and discounts had risen to an amount of $76,647,599. The combined capital was then $17,512,500.

CHAPTER XIV

THE PANIC OF 1893

Universal depression of 1890—Boom of 1892—Concentration of funds in large cities—Panic of 1893—Dwiggins' system—Run on the Illinois Trust and Savings Bank—Issuing of Clearing House certificates—Chicago again remained on a cash basis—National finances—Repeal of the silver purchase act—Growth of the silver controversy—Break-down of banks—Savings Bank run—James H. Eckels.

After the orgy of "Greenbackism," the common sense of the nation again asserted itself and by 1880 the country was on the uphill grade to prosperity. This boom, as usual, was overworked and a period of tight money and declining values prevailed between 1883 and 1886, but the banks managed to pull out of the tight places and the country again found prosperity and speculation developed which was bound to lead to another great panic.

A money stringency which settled on the country in 1890, following the failure of Baring Brothers—a famous London banking house—while not recognized as such, was the real forerunner of the panic of 1893. In that year agricultural interests were in an unsatisfactory condition. Overtrading and unhealthful expansion were apparent everywhere. Railroad expansion was forcing large amounts of securities on the market and developments in the west and middle west were taking investment capital away from the east. Legitimate manufacturing and other commercial enterprises were deprived of funds needed for their development so that vast speculative ventures might go on. Banks, too wise themselves to invest in speculations, were nevertheless indirectly involved through the investments of their customers.

Meantime, conditions abroad had not been far different from those at home. Because of speculative demands in Europe, large amounts of American securities held by Europeans were forced on the New York market. Next, the French Panama Canal Company, the French Copper Company, and Baring Brothers failed and forced

the countries of Europe through a period of liquidation and loss, resulting in the dumping of more American securities on the New York market with a consequent drain on the banks of that city. Between these foreign withdrawals and the demands of interior banks, the monetary stringency became so severe that the Secretary of the Treasury almost completely exhausted the treasury funds in an endeavor to relieve it. Between July and November, 1890, more than ninety million dollars of government funds were disbursed by the purchase of United States bonds and the payment of interest on them. This action on the part of the Treasury, together with a volume of clearing house certificates issued in New York, Boston, and Philadelphia, restored confidence and brought a temporary return to normal before the end of the year.

By 1892 business transactions throughout the country had reached a greater volume than in any previous year. Bank clearings exceeded those of 1891 by nine and one-tenth per cent and the foreign trade movement was larger than ever before.

In the west where great developments had been going on for many years, prosperity was more than ever evident. In Chicago money was so easy in 1892 that bankers found great difficulty in keeping their funds employed. As against less than sixty-six million of deposits held by national banks in the state of Illinois at the close of 1885, one hundred and twenty-six million dollars were held, according to a report of December 9, 1892. At the same time state banks and trust companies authorized under the law of 1887 had sprung up with marvelous rapidity and in place of the fifty institutions reported in 1890, there were one hundred and ten in the state toward the close of 1892.

So prosperous were the banks of the west that, according to the Bankers' Magazine of September, 1892, Chicago in all probability boasted the largest national bank in the country—the First National which then had a capital of three million, surplus of $3,100,000, deposits of thirty million, and was at the time planning to double its capital. Furthermore, those institutions which had met with difficulties in preceding years now found their real estate holdings so greatly appreciated in value as to bring great prosperity out of old receiverships.

The story is told of the Park National Bank of Chicago which went into the hands of a receiver in July, 1890, and which, in addition to paying off all of its debts, was, when turned over to the agent

of the stockholders in 1892, able to realize the amount of its original capital and start another bank. All this was because of the appreciation of certain suburban real estate held by the bank and thought to be all but worthless at the time of the failure. Similarly, the Third National Bank which held a tract of pasture land not considered worth listing with the assets, was, in 1892, able to value this same property at more than a million dollars.

Of the two hundred and six million dollars held as deposits in Chicago's banks at this time, sixty-three million belonged to country banks and might be subject to withdrawal, in part at least, for crop moving. A stringency of the previous autumn had warned borrowers to provide for their needs, and so many of the larger ones did this that they were virtually out of the market at their usual period of heaviest demand. Knowing this, few bankers expected even the average autumnal pressure. They had not counted sufficiently, however, on the manner in which the country banks would make their demands. Not only were these unusually heavy because of a very large crop, but they came early and with great suddenness, and did not let up until the following summer.

This situation, which prevailed throughout the country, was greatly aggravated by the banking practice then in vogue which had also been largely responsible for the difficulties of 1873. Through it, all the available funds of the whole nation were concentrated in the banks of New York where, because of the high interest rates paid on them, not a sufficient portion could be kept in vault for such emergencies. Therefore, as soon as country banks experienced their first difficulty in securing the money they required, they began calling all their funds and nearly drained the New York banks of available cash. So, the prosperity which had held sway for some time received a sudden shock, and a panic which was ready to burst upon the country because its roots were already laid in national and international affairs of wide scope, was precipitated in the spring of 1893.

In fact, the real trouble had started as early as February in the failure of the Philadelphia and Reading Railroad and of the National Cordage Company. These had brought on the usual flurry in the banking district of New York and a curtailment of bank loans, but as yet there was little disturbance outside of New York. It did not become acute in America as a whole until the middle of May. Then, unlike any panic that had gone before, this one showed marked sectional contrasts. It fell with greatest violence on the western and

middle western banks, and it seemed that the farther west a bank was located the greater the difficulties with which it had to contend. It is probable, however, that, even though Illinois was not a far western state, no other found the effects of the panic more far-reaching and certainly no other city endured more suffering than did Chicago.

In the first place, the actual precipitation of the panic seems to have taken place in Chicago in the failure on May 9 of the Chemical National Bank and two days later of the Columbia National, each of which institutions had a capital stock of a million dollars. They were the largest national banks to fail in 1893; their liabilities were $2,559,885 and $2,910,745, respectively. These suspensions were accompanied by the collapse of private and state banks and business firms. They paralyzed credit over a wide territory and brought the country to a crisis.

The Columbia National Bank failure was particularly significant in that this institution was the parent bank of what was known as the Zimri Dwiggins chain of banks, or the "Dwiggins System." Mr. Dwiggins seems to have had a theory that the organization of a bank with enough capital for one institution was sufficient for the establishment of almost any number of branches at different points, having no apparent connection with one another, and existing for the purpose of feeding the parent bank with deposits.

Dwiggins had organized the Columbia National Bank on December 15, 1891. He was its president, as he was also of the United States Loan and Trust Company, an Indiana corporation with an office in Chicago, the affairs of which were so closely interwoven with those of the bank as to make the two practically one institution. Whatever was done by either of these institutions was actually done by Dwiggins who completely controlled their affairs. Furthermore, it was his custom always to control the affairs of each without consulting the directors of either. As president of the bank he would draw up contracts with himself as president of the trust company, nor did he consider it at all necessary to have any written records of these dealings.

As originally organized, the loan and trust company was to negotiate farm mortgages, but about February, 1892, it was reorganized and distributed all of the assets then in its possession among the stockholders. Thereafter it was to deal in the stocks of country banks. Without a cent of paid-in capital it entered upon this new

venture. In place of capital, the company issued a half million of what it pleased to call "income bonds." These were sold to anyone foolish enough to buy them and thus to put himself in the position of a stockholder. The money so received was to be invested in the stock of country banks and when a quarter-million of such stocks had been accumulated, debenture bonds in like amount were to be issued—a series for each new quarter-million of stocks acquired. These debentures—to be called "Collateral Trust Gold Bonds"—were to be sold at par and thereby return to the treasury an amount equivalent to the original sum invested. From this point the whole process could be repeated.

Were the plan successful, the company must finally have accumulated the entire stock of all the country banks in the Dwiggins chain. Then, when the last quarter-million of stock had been acquired and the collateral trust gold bonds issued on it and sold, the original purchasers of the income bonds would have had returned to them the amount they originally invested. Meantime, they would have drawn the five per cent on their money which was to have been paid from dividends on the country bank stocks. The whole scheme presumed, of course, that the average annual dividends on these stocks would exceed five per cent, and, to be sure, it must have exceeded that figure if the plan were to work at all. In addition, it was planned that there would be a large surplus, seventy-five per cent of which was to go to the holders of the income bonds and the remaining twenty-five per cent to the holders of the original stock in the old United States Loan and Trust Company.

Had it been operating honestly there is a small chance that this fantastic scheme might have worked, at least for a time. However, instead of selling the income bonds for cash and investing the proceeds in country bank stocks, as he claimed to do, Dwiggins, acting for the trust company, would call together the stockholders of the country banks and arrange to trade income bonds for bank stock at par. Furthermore, as an evidence of good faith, he would agree to deposit with the bank an amount of money equal to the value of the stock to be purchased, and to take the bank's certificate of deposit therefor.

Now, as president of the loan and trust company, he had possession of the stock of the country bank and also of its certificate of deposit. Next in his capacity as president of the Columbia National Bank, he would purchase from himself as president of the trust com-

pany the certificate of deposit at its face value, have it endorsed to the bank without recourse, and thus succeed not only in having the company dispose of its income bonds, but at the same time be relieved of the burden of its contract by unloading it on the bank.

Thus, with a nominal investment on the part of the company and an actual investment on the part of the bank of two or three hundred thousand dollars, Dwiggins managed, between February and the following September, to dispose of one quarter of a million of the income bonds, accumulated a quarter of a million of bank stock, and had the bank, through himself as its president, purchase from himself as president of the trust company at least a quarter of a million dollars' worth of certificates of deposit in country banks. In all, Dwiggins unloaded on the bank over two hundred and forty-one thousand in the collateral trust bonds and not less than one quarter of a million in certificates of deposit, and succeeded in getting for the company, without any investment on its part, some two hundred and thirty-one thousand dollars of the bank's discounts.

As the bank seems to have been used for nothing but a feeder for the trust company, and most of the country bank stocks were considered worthless at the time of its failure, it is obvious that these transactions were responsible for the bank's failure.

When the bank's assets were disposed of under court's order it was found that losses amounted to nearly one and one-half million dollars. It took until 1905 to close up the affairs of this receivership and in that time dividends amounting to eighty-one per cent were paid to creditors.

In all probability, there was not another national bank failure during the panic of 1893 which was quite so disastrous as this. Thirty or forty small banks were involved, scattered throughout the states of Illinois, Indiana, and Michigan. Every bank belonging to the Dwiggins chain collapsed with the parent institution.

This rather widespread failure, together with that of the highly respected Chemical National Bank, led the citizens of Chicago to experience so much fear of their financial institutions as to attempt runs on some of the strongest banks the city could boast. As a result, a number of ludicrous incidents occurred, not the least among which concerned the run on the Illinois Trust and Savings Bank. This institution was then one of the leaders in banking progress in the city and among the largest savings banks in the middle west.

Up to this time it had been customary for the banks of Chicago

to pay four per cent on savings deposits. When, however, the Illinois Trust and Savings Bank came to the conclusion that it was a more conservative policy to cut this rate to three per cent and announced this change as about to go into effect, immediately all other institutions in Chicago followed suit in spite of the fact that Detroit, Cleveland, Pittsburgh, and other large cities were retaining the higher rate. In other respects also the Illinois Trust and Savings Bank was highly regarded among business men and bankers for its conservative policies. In fact, a story is told of an experience had by Philip D. Armour when he attempted to borrow money from that institution. He sent his confidential man to negotiate the loan, who, when arrangements were almost completed, was told by President Mitchell to bring over his collateral.

"Collateral," said the confidential man in surprise, "Mr. Armour never puts up collateral."

"Well," said Mr. Mitchell, "that is a rule here and if Mr. Armour wants the money, he will have to submit the necessary collateral security."

When this incident was reported to Mr. Armour, he smiled, sent over the required securities, and the loan was closed. He was so pleased at this evidence of strict adherence to business principles on the part of President Mitchell that he subsequently increased his holdings of Illinois Trust and Savings Bank shares and the number of these certificates in his portfolio increased steadily until he had become one of the larger holders of Illinois Trust and Savings Bank stock and a director of the institution.

It was, therefore, not at all surprising that in a subsequent period of stress, Philip Armour caused to be posted in his packing plant the statement that he was willing to guarantee any deposits owned by any Armour employee in the Illinois Trust and Savings Bank and explained that he was able to do this because, of all the banks from which he had borrowed money, this one alone had compelled him to safeguard his borrowings by putting up suitable collateral.

At this same time business unsettlement, together with general losses both in Chicago and elsewhere, had brought on so great a lack of confidence as to lead the citizens of Chicago to lose faith even in this strong bank so highly respected in banking and business circles. For four days and nights in May, 1893, long lines of people stood before the Illinois Trust and Savings Bank patiently waiting hour after hour to secure their deposits. In those lines were men,

women, and children of every age, class, and station. Hour after hour they waited, slowly moving toward the teller's window where they were certain to receive all they asked. It was a pathetic sight and one which so moved the officers of the bank as to lead them to put on an extra force and command their tellers to remain on duty until every customer had been satisfied. For four days these men stood in their cages until well past midnight.

Philip D. Armour and Marshall Field, viewing the lines from Mr. Armour's office across the street, seemed, with their kindly eyes, to see only lame old men, weary toilers, and anxious women with babies in their arms. The sight touched them so deeply that they sent messengers who walked up and down telling the people that they might receive their money if they would present their pass books at Mr. Field's store or Mr. Armour's office. This relieved the congestion somewhat but not entirely. At 5:30 Mr. Armour went home and Mr. Field closed his store. Then the lines at the bank lengthened. On and on they went and the tellers worked until three o'clock in the morning.

Three o'clock, and every waiting depositor but one had been paid. In the four days of strain nine million dollars had passed out through those tellers' windows. Now there stood before them a lone depositor, a negro, who had saved twenty-five hundred dollars. He presented his pass book and the money was counted out for him. Twenty-five hundred dollars—what a stack of money! The man took it, counted it over, became convinced that it was all there, and then with a puzzled expression said: "Say, Boss, if I take this heah money, it might get stolen from me. I know yo' all has got it safe fo' me. You jes' take it back again." But the tired teller refused. If the man had so little faith in the bank as to be willing to stand in line until three o'clock in the morning to get his money, it seemed best that he find for it another place worthy of his confidence. "No," he said, "we can't take it back now. You will have to stand the risk of losing it." The negro was terror stricken. He refused to leave the bank with his precious load. The teller remained firm in his determination not to take the money on re-deposit, but he was tired and did want to go home. Finally, a brilliant idea came to him. "Why not take your money to the police station for protection?" he asked. The suggestion worked and the last depositor spent the remainder of that night in jail with twenty-five hundred dollars under guard.

Confidence returned to the negro and to the rest of Chicago as

well; the run on the Illinois Trust and Savings Bank was broken by the very willingness of its officers to meet their obligations on demand.

Nor was the fact that Illinois had the worst bank failures of the time the only reason why she felt the panic so severely. During the long period of expansion that had preceded the trouble, financial, commercial, and industrial development in Illinois had been especially rapid. Consequently, it was to be expected that the panic would be similarly severe. On the whole, however, the smaller cities of the state did not suffer as much as Chicago. There were no state bank failures at all in Illinois during 1893 and outside of Chicago there were only two national bank failures—the Evanston National Bank with a capital of one hundred thousand dollars and the First National Bank of Kankakee with a fifty thousand dollar capital. (Report of the Comptroller of the Currency, 1893, 1:75-76.)

Because of the heavy cash withdrawals from the interior, the eastern banks were forced to issue clearing-house certificates by the end of June. This had been done in the east in 1873 and again in 1884, but in 1893 it was done on a much larger and more complete scale than formerly. A total of $63,152,000 in these certificates was issued in the cities of New York, Boston, Philadelphia, Baltimore, and Pittsburgh. Chicago, too, faced the question of issuing certificates, but as she had always avoided their use in previous disasters, there was a strong local prejudice against them and the city decided not to use them, even though her financial position was not now so strong as in 1873. A little later the clearing house did sanction their issue, but not a banker in the city would avail himself of their use and, while this attitude doubtless put an added strain on the banks of the east, it also did valuable things for the financial standing of Chicago. As a result, many western banks transferred their reserve accounts from New York to Chicago, and no bank failures occurred in the city.

Clearing house certificates in the east offset the violent shrinkage in reserves which otherwise would have taken place. In fact, between May 4 and July 12, the loan account of New York national banks actually increased. That of Philadelphia was cut by only two per cent and loans in Boston by only four per cent. Chicago, without this emergency provision for currency, was forced to reduce her loans. Records available show that at one time they were reduced as much as fifteen per cent, and it is claimed that during the months of

July and August the contraction even exceeded this amount. Whenever cash was withdrawn by country banks further loan contractions had to be made to meet the withdrawals, until those of national banks alone in the city of Chicago were reduced four million dollars between March 6 and May 4. Then between May 4 and July 12 such loans were reduced from ninety-six million dollars to only eighty-two million and net deposits fell from $99,600,000 to $81,300,000. Cash reserves in that period dropped from $29,300,000 to $24,900,000, but the ratio of reserves to liabilities was raised from 29.4 per cent to 30.6 per cent. By October 4 loans had been still further reduced to $73,500,000, and the situation became so acute that in the country about Chicago the contraction of loans constituted one of the most striking features of the panic. Between May 4 and October 4 loans of all national banks in the country were reduced by 14.7 per cent, but in Chicago the reduction in that same period amounted to 26.7 per cent. (Report of the Comptroller of the Currency, 1893, 1:209.)

In July there came an epidemic of bank failures all over the country. Illinois, hard pressed as she was from general panic conditions, did not add to these. With the bank failures came receiverships for railways and consequent heavy withdrawals from New York banks. A break in the price of securities resulted, and in the last two weeks of July alone thirty-three banks failed.

In the first nine months of the year there were suspensions by one hundred and fifty-eight national banks, one hundred and seventy-two state banks, forty-seven savings banks, one hundred and seventy-seven private banks, thirteen loan and trust companies, and six mortgage companies. Among the important railways to go into receiverships in this period were the Erie, Reading, Northern Pacific, Union Pacific, and the Atchison, Topeka and Santa Fe which at that time included the 'Frisco.

Chicago banks tried to strengthen their reserves by the direct importation of gold from abroad. No longer did they dispose of commercial bills to foreign exchange houses in New York, but instead secured gold in London which was shipped directly to the various banks involved in the trading operations of the city. These imports of gold were further enhanced by the rapidly falling prices of wheat and other commodities. In parts of the west farmers sold their wheat for as little as thirty-five cents a bushel and foreign buyers were glad to exchange gold for it at such prices.

In August there occurred a wheat corner in Chicago which,

through its collapse, let prices drop still further. At about this time the same group was attempting to operate a corner in provisions; the failure of this also reduced the prices of hog products to a level almost as low as that of wheat and led to a large exportation of them.

The drop in prices, together with Chicago's method of receiving gold direct in payment for such products, resulted in an interference with foreign exchanges. At the same time, because of local currency afloat throughout the country, domestic exchanges were likewise thoroughly disorganized. During all of August exchange on New York was at a discount in Chicago and on the twelfth it went to thirty dollars a thousand. Things reached such a state that, according to Bradstreet's report, Chicago packers and grain shippers were absolutely unable to use New York exchange had they wished to do so. Therefore, they ordered currency to pay for the goods shipped direct by express and so did away with the use of banks.

The situation, as seen from the viewpoint of a banker, is humorously described by O. P. Bourland, President of the National Bank of Pontiac. Mr. Bourland, who had taken an active part in banking in the state from the time of the Civil War, attributed the situation in Illinois largely to an exaggerated fright on the part of the people, coupled with the prominence given unpleasant occurrences in the unwise publicity of the time. In an address describing his fifty years of banking experience, he said:

"The late Mr. James B. Forgan, former President of the First National Bank of Chicago (in his memoirs), slides over his reference to this panic with a surprisingly brief mention of it. But I remember seeing him in his office on the morning of October 16, 1893, when the panic was at its greatest strain. He certainly looked as if he had just forgotten to sleep or to visit his barber. I could read the situation in his appearance and manner. When I appeared in his office he was interviewing a banker from Waterloo, Iowa, who made the absurd demand on Mr. Forgan that he agree to advance him twenty-five thousand dollars *if the panic conditions became worse.*

" 'Why, my dear man,' says Forgan, 'if it grows much worse we may ask you for twenty-five thousand or more. How do ye like that?' But the man was persistent and unreasonable, accompanying his demand with the statement that he had kept a deposit at the First National Bank for ten years of not less than ten thousand dollars and had never borrowed a cent during that time.

"Forgan's patience at last gave way. He rose to his full six feet

one, and pointed a finger at his questioner. 'I thank ye for your confidence in the past and your patronage but when ye ask me to guarantee ye a cool seat in Heaven when Hell breaks loose ye are unreasonable, and that's my last word to ye!'

"The Waterloo banker departed, noisily slamming the door behind him.

"Then Forgan turned to me as I sat on his old worn settee. Naturally he was worried and his voice showed it. 'Well, Bourland, what can I do for you?'

"He naturally assumed that I was one of the long procession of borrowers the panic was hatching.

" 'Nothing, Mr. Forgan, except to tell me what the situation is and what are the prospects.'

"His relief was at once evident as he turned and handed me a bunch of telegrams to read. I read of the closing of two banks in Denver, one in Cincinnati, and one in Louisville.

" 'And there will be more to follow,' quoth Forgan as I handed them back.

"While I had been awaiting my turn, I had been examining some completed photographs I had just received from a Wabash Avenue photographer. My wife had some two weeks before inveigled me into sitting for them. 'Whose pictures have ye there?' asked Forgan. 'They are mine, Mr. Forgan, I'm sorry to say.' He took one and, after examining it at considerable length, said, 'Let me have one of these pictures, will you?' 'Why, Mr. Forgan, what in the world do you want with my photograph?' Mr. Forgan reflected a moment before replying, 'Well, sir, I want to put it up over my desk and write over it these words: Chicago, Illinois, October 16, 1893. Picture of a man who doesn't want to borrow any money.' "

This money stringency was made worse by a growing distrust of national monetary affairs. The United States Treasury had become the source of an immense volume of paper currency upon which the business of the country was done. The amount of this paper money was so large that it was generally expected to produce a like amount of business. But a feeling prevailed that, after all, the Treasury was not in a position to redeem all this paper in gold on demand.

Through an article which appeared in New York and was reprinted and widely distributed over the country, there was created an erroneous impression that all gold contracts had been declared invalid. The article had questioned the validity of such contracts but,

to make its point, had cited the cases of some old decisions of state courts, now long since either reversed or overruled. The impression left was that neither government paper money nor bonds "payable in United States gold coin" could be held for payment in gold.

To aid further the effects of this erroneous impression was the definite knowledge that the funds of the Treasury actually were depleted. President Cleveland's administration which began on March 4, 1893, found the Treasury Department in the worst condition known since the war. There was not even sufficient revenue to meet the government's actual expenditures. The small supply of gold available was being further depleted by the monthly purchase of four and one-half million ounces of silver provided for in the act of 1890. As this metal was bought for coinage purposes, in addition to depleting the supply of gold, it also prejudiced the securities and credit of the United States in the minds of foreign investors, as well as those at home. By April grave doubts of the government's ability to pay its paper currency in gold on demand had so seized the country that depositors everywhere became doubtful, withdrew their bank holdings and hoarded the money. The Secretary of the Treasury, in view of this situation, was hardly in a position to furnish convincing evidence insuring the convertibility of the currency, and so the already limited confidence of the nation was further weakened.

To remedy this bad situation, the banks of Denver offered to exchange one million dollars of gold for paper currency. Next, Chicago banks, finding that the city was in need of small bank notes, made a like offer of three million in gold. President Cleveland demanded the suspension of silver purchases, but the silver advocates were so powerful in both parties as to put the President at a great disadvantage. Consequently, his wishes were not carried out at once. He called a special session of Congress at the end of June, when there seemed no other way to bring relief, but this body did not meet until August 7, and while the House gave the President his way rather quickly, the bill was debated in the Senate for many weeks. Not until October 30 was a favorable vote secured on it there. Meantime, the country was thrown into a condition of still greater panic and uncertainty, never knowing from day to day or week to week whether a gold or silver basis was to rule.

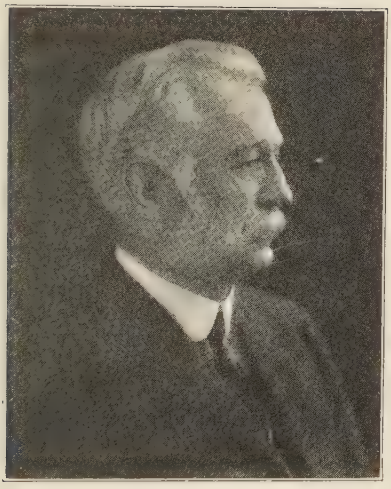
While this debate was going on, things were further complicated by an attempt on the part of England to put her colonies on a full gold basis. This she did by closing the government mints in India

to the free coinage of silver. Hitherto forty to fifty million dollars' worth of silver had gone to this purpose annually. Americans generally believed that once this great market for the white metal was closed the vast silver mines of our western states would become worthless. To be sure, it did cause a fall in the price of silver bullion, but on any other occasion this probably would not have been accompanied with serious consequences. Now, however, people believed that the entire financial problem was associated with the coinage of silver, thus furnishing one of the contributory forces to the panic.

Even when, at the end of October, the government was relieved from the further purchase of silver, there were sufficient other factors contributing to continued hard times to make the pro-silver faction believe that its theories alone could bring a return of prosperity. Commerce and industry were now at such a low state that immediate treasury revenues were exhausted even without the added silver drain. The panic had penetrated into every corner of the industrial life of the nation. Securities fell to a half or even a quarter of their former value, and in December the Comptroller of the Currency announced the failure of five hundred and seven banks and six mortgage companies. People so distrusted the banks that in many instances those in the country were forced to suspend even while their cash resources were on the way to them from reserve city banks. Had it been possible to get at hoarded money the situation might have quickly cleared up, but the more money was needed the more deeply it went into hiding. According to some students of the situation, the whole trouble was due to the system of concentrating bank reserves in the east. Had these funds been in their own communities when first the panic broke, there might have been enough to go around and difficult times need not have been of any very long duration.

In Illinois no state banks and only the two national institutions previously noted, failed during the year. However, reports for the first eight months show that twenty-four other banking institutions in the state did close. Of these, one was a mortgage and investment company with assets of fifty thousand dollars and liabilities of seventy thousand dollars; the other twenty-three were private banks with combined assets of $4,041,027 and liabilities of $5,056,813.

Of failures of all kinds in the state, there was a fifty per cent increase over the previous year. This rate was about the same as that for the country as a whole. The growth of liabilities was even more startling. These increased from $2,651,638 in 1892 to $18,777,-



JAMES B. FORGAN

462 in 1893, and against them were listed assets of $20,358,615. This showing was reported better than that made by any other state except Wisconsin, and was far better than the average for the country as a whole. Most of these failures occurred in mercantile and commercial enterprises rather than in manufacturing establishments.

Even though the banks of Chicago and other sections of the state were constantly proving their strength during these strenuous days, the general distrust of all financial institutions prevailing throughout the country caused constant withdrawals for hoarding, and now and then a run. On June 5, 1893, there occurred a run on the savings banks of Chicago which involved eight state institutions. In order to reassure the public, the state auditor ordered these banks to furnish printed statements of their condition at once. These appeared in the papers immediately thereafter and, as they showed the banks to be sound, prevented a further spread of the panic. At this time there were forty-four state banks with savings deposits totaling about twenty million dollars. As these banks also conducted a commercial business, the wholesale withdrawal of savings, had the run been permitted to go on, would have affected most seriously the condition of banks everywhere throughout the state.

During the panic Illinois made two important contributions to the nation as a whole—one was the World's Columbian Exposition, and the other was a Comptroller of the Currency.

James H. Eckels, the first Comptroller to be appointed who had not had previous banking experience, was born in Princeton, Illinois, and, after receiving his education and up to the time of his appointment to the national post, he was a practising attorney at Ottawa. Because the country was plunged into the panic within a month after Mr. Eckels assumed office, his was probably the hardest task of any Comptroller so far in the history of the country. In spite of this difficult situation and his lack of familiarity with banking practice, he handled things in so able a manner as to merit the confidence of the business and banking interests of the entire country. In his report at the end of the year he pointed out that, of the one hundred and fifty-eight national banks which suspended during the year 1893, only three were in the middle states and of those two were in Chicago.

As the causes of the panic, Mr. Eckels gave, in part, inelasticity of currency and the consequent inability of the banks to issue circulation sufficient to meet the demands of their depositors and other customers without the investment of an equal amount in United States bonds. The primary causes, he said, were the same as those which

had brought on the panic of 1890—overtrading, expansion, speculative investments, excessive expansion of credits by banks. In spite of all theories and pre-existing conditions, Mr. Eckels recognized the real cause as being due to a loss of confidence in the solvency of banks. This, he said, was inspired by a general knowledge of the unsound conditions in private and public life and the speculative character of investments and loans in which the funds of many banks had been risked.

After the panic had reached that stage where the prices of securities fell abnormally, European investors, keen for such bargains, began to purchase them as well as cheap wheat and other commodities. Consequently, after August 1, 1893, money in payment began to come into the country until the heretofore unheard-of figure of forty million dollars was reached. This influx of gold soon eased the situation in general and brought an end to the panic. Other factors, however, caused hard times to remain for a number of years thereafter.

CHAPTER XV

THE CHICAGO WORLD'S FAIR

Influence of the Fair on the panic of 1893—Efforts to secure the Fair for Chicago—Financing the proposed exposition—Executive organization—Issuing bonds beyond the debt limit—Collecting stock subscriptions—Difficulties with the budget—Efforts to get financial aid from Congress—Columbian half-dollars—Second bond issue floated in Chicago—Failure of the Chemical National Bank—Opening of two world's fair branches of the Northern Trust Company—Paying the debt—Effect of the Fair on the development of Chicago.

"There is today one redeeming feature," said the Commercial and Financial Chronicle of October 14, 1893, "but it appears to be the only one among the business ventures of the whole country, and that is the World's Fair in Chicago and the good effect its present prosperity is having upon the financial results of the Fair and upon railroad earnings."

While it is true that in large part the severity of the panic of 1893 in Chicago was due to the great speculative enterprises that had been carried on there—and no small part of them were the direct results of the opening of the World's Fair—nevertheless, once this great enterprise had been opened to the general public, it brought enormous crowds of sightseeing visitors who, in spite of the stringency of the times, were in holiday mood and therefore freely spent such money as they possessed. In a single day seven hundred and eighteen thousand paying visitors were reported at the fair grounds and it was a more or less usual situation to have more than three hundred thousand visitors present. All these people poured much needed cash into the coffers of Chicago—little wonder that her banks could survive without the use of Clearing House certificates. Nor did the conduct of the World's Fair benefit Chicago alone. So great a business success was this venture that the whole country felt the needed effects. First of all, the railroads, many of which had found it necessary to go into bankruptcy, now did a big passenger and freight business into Chicago, and from here the enterprise spread

until the whole country was kept from falling quite as far as it otherwise might have done in so severe a period of panic.

The World's Columbian Exposition of Chicago in reality reached back as far as the year 1885 when a group known as the Chicago Interstate Industrial Exposition resolved, at one of its meetings, that a great world's fair be held in Chicago in 1892 to commemorate the four hundredth anniversary of the landing of Columbus in America. In 1888, another organization, the Iroquois Club, made itself active toward the same end. But the movement did not become general until 1889 when, on July 22, Mayor DeWitt C. Cregier appointed a committee of one hundred citizens to carry out this project. Within a short time the committee was increased to two hundred and fifty and this larger group was called into meeting in the Council Chamber in August and there actually set in motion the wheels which were to bring to Chicago a world's fair which, because of its great beauty, was to set an example for the commercial architecture of the whole state of Illinois, and which was to usher in an era of particularly attractive designs for bank buildings.

One of the first steps taken was to form a corporation under the name of the "World's Exposition of 1892" with an authorized capital stock of five million dollars divided into five hundred thousand shares of ten dollars each. By the middle of August the Secretary of State of Illinois had authorized Mayor DeWitt C. Cregier, Ferdinand W. Peck, George Schneider, Anthony F. Seeberger, William C. Seipp, John R. Walsh, and E. Nelson Blake to take subscriptions to this stock and by the ninth of April, 1890, the entire capital stock had been fully subscribed and articles of incorporation issued.

Senator Shelby M. Cullom of Illinois next introduced a bill at Washington providing for the holding of a "World's Columbian Exposition of the Arts and Industries in commemoration of the four hundredth anniversary of the discovery of America." However, as a matter of policy, he was careful not to specify in his bill any stated place for holding this exposition.

As soon as the bill had been introduced and the idea well launched, a number of other cities, seeing the probable commercial value of such a venture, attempted to have the proposed fair located within their limits. Eventually this competition resolved itself into a contest between four large cities, each of which offered worthwhile inducements for securing the fair. These were New York, St. Louis, Washington, and Chicago.

A congressional committee was appointed to listen to the claims of each and before this appeared Mayor Cregier, Thomas B. Bryan, and Edward T. Jeffery of Chicago. These gentlemen pointed out that Chicago, which had grown from a frontier camp to a city of more than one million inhabitants in a little over fifty years, typified the great middle west and should be made known to visitors both from our own eastern states and from foreign countries. They admitted that New York might offer a more convenient location for European visitors, but contended that in addition to providing a means for showing Europe something more of America than its visitors had so far seen, the Chicago location would be far more central for visitors from America. At that time Chicago was situated at almost the exact center of population of the country. They also pointed out that foreign visitors would be but few in proportion, as their numbers were limited to the capacity of incoming passenger ships. Less than one hundred thousand cabin passengers had been landed at the port of New York during the year 1889.

The objection was raised that while visitors might be persuaded to travel as far as Chicago, it was not likely that foreign exhibitors would be equally ready to send suitable displays so far, but the gentlemen from Chicago were ready for this argument also and Mr. Bryan promptly produced numerous citations and letters from prominent merchants and others abroad who had expressed their entire satisfaction with Chicago as a location for the exposition. Undoubtedly the argument which went farthest in persuading Congress to give the fair to Chicago was a map of the city presented by Mr. Jeffery which showed a large number of suitable sites for the exposition grounds, all of which were located at spots where comfortable quarters for visitors could be arranged nearby. Furthermore, Chicago could back her arguments with the five million dollar stock subscription that had been taken for the exposition. So, considering its central location, its reputation for vigorous action, and its previous preparation, Congress awarded Chicago the much sought-after prize.

After she had succeeded in creating a sentiment throughout the country which enabled Congress to decide in her favor, Chicago next faced the task of raising, not only the five million dollars pledged in stock subscriptions, but a great deal more as well. Nor by any means was the matter ended once it had been voted to give the fair to Chicago, for almost immediately competing cities, still hoping for a reversal of this action, began to doubt the possibility that Chicago could raise

the five million dollars which she said she had already pledged. In time these criticisms became so persistent that it looked very much as though the fair would be lost to Chicago, and so the committees set to work to compile and classify a list of all pledges amounting to five hundred dollars or more. This was a tremendous task, as the city had been thoroughly canvassed and the total number of pledges received amounted to more than twenty-eight thousand. A large force was put to work on them and worked both day and night until the list had been copied from the books and classified.

Then a committee consisting of Lyman J. Gage, Otto Young, Edwin Walker, Thomas B. Bryan, and George R. Davis set out for Washington with this proof of Chicago's willingness and ability to support the fair in a substantial financial way. A hearing was given these men before the House Committee on the World's Fair, but nothing much was accomplished until the list came into the hands of Senator Charles V. Farwell who advised the committee that in his opinion it would not be worth more than two and one-half per cent to guarantee the payment in full of all the subscriptions of five hundred dollars and over—all of which amounted to about four and one-half million dollars.

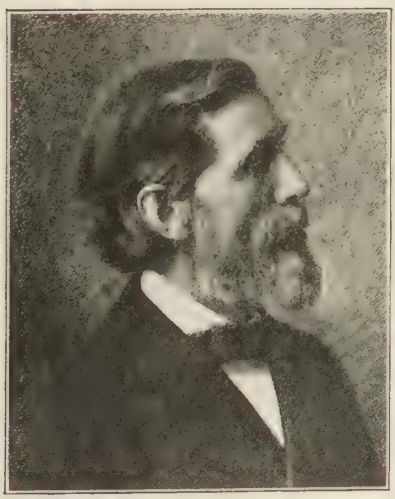
This statement promptly quieted all criticism, but just as it again looked as if Chicago might set about the task of preparing for the great exposition, a new difficulty arose. New York now contended that she was willing to provide ten million dollars if the fair could be given her. Furthermore, she would be willing to pay as much as another five million for a suitable site. This came like a bolt out of a clear sky. There was no time for the committee from Chicago to consult with authorities at home—not even by telegraph. All that they were given was a few minutes of conference among themselves. But, knowing of Chicago's ability for achievement and her intense desire for the fair, they promptly pledged their city to raise ten million dollars toward the project. This overruled New York's claim and once more the fair was given to Chicago.

As soon as the members of the committee were released from the conference, they telegraphed Chicago of their new action and then anxiously waited to see what reception would be given their message. Before long they received a dispatch which read:

"We wish you continued success in Washington. We will stand by you and the committee in every way. Chicago will, as in the past, prove equal to every emergency. You can count on our hearty sup-

EDWARD T. JEFFERY

MAYOR DE WITT C. CREGIER
OF CHICAGO



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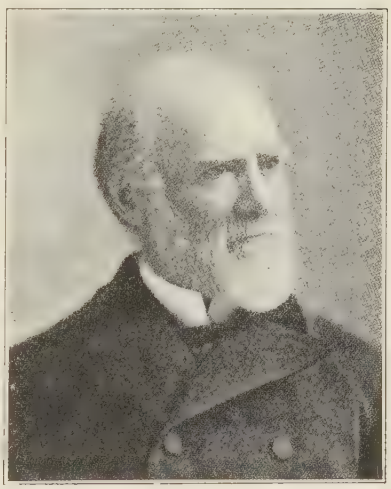


THOMAS B. BRYAN

MEN PROMINENT IN SECURING THE WORLD'S FAIR FOR CHICAGO

port." This was signed by S. W. Allerton, capitalist; John B. Drake, proprietor of the Grand Pacific Hotel; G. B. Shaw, president of the American Loan and Trust Company; C. L. Hutchinson, president of the Corn Exchange Bank; John C. Black, president of the Continental National Bank; James W. Ellsworth; W. E. Hale, president of the Hale Elevator Company; Potter Palmer, proprietor of the Palmer House; R. T. Crane, president of Crane Brothers Manufacturing Company; H. F. Eames, president of the Commercial National Bank; A. L. Patterson, Chicago Globe; W. J. Huiskamp, Chicago Times; John J. P. Odell, president of the Union National Bank; Victor F. Lawson, Chicago News; E. St. John, vice president, Rock Island Railroad Company; Samuel M. Nickerson, president, First National Bank; William T. Baker, president, Chicago Board of Trade; William Penn Nixon, Chicago Inter-Ocean; John M. Clark, Collector of Customs; Norman B. Ream, capitalist; O. W. Potter, president Illinois Steel Company; James W. Scott, Chicago Herald; Herman H. Kohlsaat, capitalist; C. R. Crane, Crane Bros. Manufacturing Company; Joseph Medill, Chicago Tribune; George Schneider, president National Bank of Illinois; George R. Davis, County Treasurer; Anthony F. Seeberger, wholesale hardware; Stuyvesant Fish, president Illinois Central Railroad Company; J. W. Doane, president Merchants Loan and Trust Company; and Eugene S. Pike, capitalist.

In spite of this generous support of the action the committee had taken, it was not to be an easy matter to secure a full ten million from Chicago. It was largely through the efforts of Otto Young and D. K. Hill that the first five million had been pledged and to secure it, subscriptions had been accepted ranging all the way from ten dollars to one hundred thousand. The almost thirty thousand stockholders who had subscribed to the original offering represented men and women from every walk of life. Few of these people expected ever to receive in return any considerable amount of what they were to give, but all gave for the glory of Chicago. Some few did hope that at the close of the exposition there might be some division of profits as had been the case of the exposition held at Philadelphia in 1876, at which time about one-third of the amount subscribed had been returned, but none expected that the Chicago exposition would be conducted with profit making as an object. As a matter of fact, after the affairs of the exposition had been settled, fifteen per cent was returned, and,

had it not been for the panic of that year, the venture would doubtless have produced a great deal more.

The first meeting of stockholders was held on April 10, 1890, in a building known as "Battery D" on the lake front. Every stockholder was represented either in person or by proxy and so large and unwieldy was this vast group that for a time it looked as though it would not be possible to conduct business. However, the meeting did succeed in electing forty-five directors to represent it and from that time this body conducted the business of the exposition.

After the return of the committee which had pledged Chicago's support to the extent of ten million dollars, the stockholders met again on June 12, 1890, and authorized the increase of the capital stock to this amount. It could not reasonably be expected, however, that after the vigorous campaign staged to raise the first five million, this could be repeated with success. A committee, appointed for the purpose, looked everywhere for a means of accomplishing this financing and, after much searching, the only way found which appeared at all feasible was the issuing of bonds by the City of Chicago. One great obstacle stood in the way of this also, for Chicago was already bonded to the debt limit allowed by the State Constitution. The only possible remedy was to amend the Constitution and, under the active urgings of the committee, Governor Joseph W. Fifer was persuaded to convene a special session of the Legislature on July 23, 1890, which promptly passed a joint resolution authorizing an amendment to be submitted to the people at the election in November. This empowered the City of Chicago to issue five million of bonds to aid the World's Columbian Exposition.

Since quick action was necessary, the committee on finance anticipated the vote of the people and got everything in readiness so that the bonds might be issued immediately after they had been ratified. The City Council was approached and every detail arranged for the prospective bond issue. Immediately after the vote had been cast—which was nearly unanimous—the Council was in a position to adopt an ordinance directing the sale of five million five per cent bonds with the condition that before the proceeds should be paid into the Exposition treasury, three million dollars should be collected from stock subscriptions.

Two per cent of the amount of stock subscriptions had been collected at the time the pledges were made. Then there had been a call for an additional eighteen per cent on the first Monday in June, 1890.

At this time an engraved certificate had been offered as a premium for payment in full with a view to saving the work and expense of making future collections—particularly of small amounts. All this had already provided a fund of more than one million dollars, and had convinced the committee that, all delinquencies considered, there was a certainty that five million dollars would be raised from such subscriptions. In addition to the stock originally pledged, the committee was taking in new subscriptions slowly through a bureau operated for that purpose. It was hoped that in this way another full five million might be secured, but, as a matter of fact, total stock subscriptions never exceeded six million in all and, up to June 30, 1894, the company had realized only $5,614,425.86 from this source. Nor was it to be expected that more could be secured from a community that had already given so generously.

After the election the financial condition of the company was submitted to the World's Columbian Commission which had been appointed by Congress and after investigating all the evidence presented, this body declared itself satisfied that an actual legally binding subscription existed from which would be realized five million dollars and that satisfactory guarantees existed for five million more. This meant that Chicago had fully complied with the obligation placed on her by the act of Congress giving her the fair. Shortly thereafter satisfactory arrangements were also made for the site on which the buildings would be located and plans were sufficiently consummated so that the Board was placed in a position to ask for the issuance of the President's invitation to the nations of the world to participate in the Exposition. This was issued on December 24, 1890.

Until this invitation had been given and some response received, there was no way in which the Exposition Board of Directors could know to what dimensions the fair would reach, what amount of money would be required to finance it, or how much of that amount would be contributed by exhibitors. Beyond that the only funds that could be definitely counted on were the ten million which Illinois had raised, whatever additional amount might accrue from the further sale of stock, a building on the grounds and an exhibit from the United States Government, and an appropriation from the Legislature of the State of Illinois for a building. In fact, it was not until February 20, 1891, that the Budget Committee was able to prepare a budget of working proportions. This, while carefully itemized, still omitted many things which were later found to be indispensable and yet it

called for an amount of $17,625,453. It actually fell short of expenditures by several million dollars. For construction alone the figures in the budget were six million dollars less than actual costs, but this may have been due not so much to poor planning on the part of the committee as to poor execution of orders on the part of the builders - a large number of whom were artists unacquainted with business and much more eager to give adequate expression to their talents than to stay within allotted expenditures.

A second call for a twenty per cent payment on the capital stock was made for June 1, 1891, as by this time construction was under way and heavy payments began to fall due. September 1, 1891, was set as the date for the third installment of twenty per cent. Had each of these payments been made in full by every stockholder they would easily have realized more than the three million dollars required before the bonds to be issued by the City government could be secured. However, there were so many delinquencies that the amount fell far short of three million and resort had to be made to collection through solicitors, through the courts, and by various other means, and still the amount fell short. Finally, to reach the desired figure without calling for a fourth installment which, it was anticipated, would be badly needed in the future, the Directors offered a premium of two tickets of admission for each share of stock paid up in full before a certain date. This offer produced excellent results, and by the middle of September the city was requested to sell its bonds and pay the proceeds to the Exposition treasury.

Three million dollars of Chicago city bonds were sold to Blair and Company of New York on January 7, 1892, at par and interest to be delivered and paid for as follows:

$1,000,000	February 1, 1892
500,000	February 15, 1892
500,000	March 1, 1892
500,000	March 15, 1892
500,000	April 1, 1892

Blair and Company were also given an option to purchase the remaining two million of the issue before a certain date. This was taken up during the spring and summer, so that by August, 1892, the entire amount had been paid to the treasury.

The fourth installment of twenty per cent on the stock was paid in on April 15, 1892, and the last one on June 15. After that the com-

pany had gathered into its treasury all the resources then available. Expenditures were crowding in at a great rate and something had to be done to meet them.

The Board then determined that an appeal must be made to Congress for proper financial recognition at its next meeting in December, 1891. In preparation for submitting its case, an elaborate report was prepared which pointed out that this was to be the most extensive exposition that had yet been held anywhere, that, instead of housing all departments together as had previously been done, each would now have not only its own building but its own section of the grounds as well. At the same time the department of promotion and publicity used every effort at its command to spread reliable information and create a favorable sentiment regarding the Exposition.

All these efforts brought from Congress some recognition of the fact that financial help was needed, but at first it seemed about to terminate in the offer of a loan in the form of bonds which must constitute a first lien on the assets and proceeds of the Exposition. It was not possible for the committee to contemplate such a loan in view of the bond issue that had already been given by the City of Chicago and which would, of necessity, be junior in lien to any that the United States Government might make. It was not a bond issue that was needed now but an appropriation in the form of a gift.

A subcommittee of the Committee on Appropriations of the House of Representatives visited Chicago on March 30, 1892, to make an investigation. This committee remained in the city until April 8 at which time it adjourned to Washington to continue its deliberations. On May 20 it presented a report to the House which was so complete as to cover six hundred and eighty-nine pages of printed matter. It included estimates of the total receipts and disbursements expected and gave almost seventeen million as its estimate of expenditures up to May 1, 1893. In spite of the fact that Congress urged great economy in this regard, the committee found that it could not do otherwise than suggest that as yet it was impossible to estimate too closely and it was to be expected that expenditures might exceed the estimated figure. In closing, the report said:

"Your committee expresses without reserve its confidence in the assured success of the Exposition. In every essential feature it stands unrivaled in all time. Fifty-six nations and colonies have accepted the invitation to participate in the enterprise, and have appropriated $3,783,000 for that purpose. It is expected that twenty other foreign

nations will also be represented. Complete exhibits will be made by all countries which promise attendance, twenty-six of which will erect special buildings for their own displays. Thirty states and territories of our own republic will erect buildings and make special exhibits, for which $3,182,500 has already been provided. It becomes obvious, therefore, that the expenditures of the local corporation, of individual enterprise of the states and territories, and of our own and all foreign governments, will reach the stupendous aggregate of not less than thirty million dollars for Exposition purposes. In its scope and magnificence the Exposition stands alone. There is nothing like it in all history. It easily surpasses all kindred enterprises, and will amply illustrate the marvelous genius of the American people in the great domains of agriculture, commerce, manufactures, and inventions, which constitute the foundation upon which rests the structure of our national glory and prosperity."

After the presentation of this report, vigorous efforts were made to secure the passage of a bill appropriating five million dollars to the aid of the Exposition. But, a presidential election was approaching and no legislation could be secured which might in any way discriminate against the ruling powers in Congress. It was again intimated that if a loan instead of an appropriation would be accepted, this kind of aid might be forthcoming. But the Board of Directors refused such assistance. Its members were deeply conscious of the justice of their demands and refused to be put in an attitude of suppliants for favor.

Throughout June and July the struggle continued and the time approached for Congress to adjourn. The Directors knew that unless some help came from this session, none ever could be had, but even so they did not feel that a bond issue could be accepted, and agreed that such would be rejected if it were offered. It was also agreed that in the event no appropriation were made by Congress, and in spite of all difficulties, another loan would be raised in Chicago.

At this point there was conceived another method by which the desired result might be secured. A bill was prepared and introduced which instructed the Secretary of the Treasury to have coined out of the subsidiary coin in the Treasury, five million dollars worth of souvenir half-dollars, to be known as Columbian half-dollars, which would carry appropriate devices and designs, and that these coins were to be paid to the Exposition upon receipt of estimates and vouchers certified to by its President and by the Director General, "for

the purpose of completing in a suitable manner the work of preparation for inaugurating the World's Columbian Exposition."

In the House, action on this bill was delayed from time to time. In the Senate, however, the general feeling was more friendly and it was there that, as the outlook for anything being done in the House became less and less promising, the new bill was attached to the Sundry Civil Bill in the hope that the latter, with which the House was in sympathy, would go through with the Souvenir Coin Bill attached. However, such was not to be the case. After much debate and a remarkable instance of "filibustering" at a time when the days were very hot and members of both houses were impatient for adjournment, it seemed best to close the matter by agreeing upon a compromise. The Senate amendment was stricken from the Sundry Civil Bill and in its place a bill was introduced for the appropriation of $2,500,000 in Columbian half-dollars. This bill promptly passed and became a law by the approval of the President on August 5, 1892. The appropriation was accompanied by only one condition—that the Exposition should be closed to the public on Sundays.

Since this two and one-half million dollars was not nearly enough to meet the needs of the Exposition, steps were taken at once to float an issue of five million dollars of World's Columbian Exposition six per cent debentures. At first only four million of these were authorized with the proviso that the entire issue would not exceed five millions. Before long, however, it was found necessary to add the fifth million.

A thorough canvass of the city of Chicago was made for the sale of these debentures and while wealthy citizens and banks generously purchased them to the utmost of their ability, and the financial institutions even entered into an agreement among themselves to take bonds up to an amount of five per cent of their capital and surplus, only $3,600,000 of them could be sold. This issue—dated November 1, 1892, redeemable at the option of the company after May 1, 1893, absolutely redeemable on January 1, 1894, and payable in installments of not less than twenty per cent of their face value at any time—did not appear on the market until the panic of 1893 had begun to settle and so were not sufficiently attractive to enable the entire five million to be floated.

Meantime, along with the sale of debentures, the committee in charge attempted also to sell the souvenir half-dollars at twice their face value—hoping thus actually to realize the five million dollars

which Congress had refused to supply. The first lot of these coins was not received until during December, 1892, and they quickly sold at the fifty cent premium. But once they had started coming, the mint sent subsequent installments at such a rate that the supply soon exceeded the demand of souvenir collectors and it was no longer possible to sell the coins at a dollar each. After a time a million dollars in these coins had accumulated which could not be sold at a premium, so the banks of Chicago once more came to the rescue and this time took the coins and held them as legal reserve in their vaults, issuing to the Exposition in their place a loan for their par amount without interest. The banks to which the Exposition turned for this assistance were the First National, the Union National, the Commercial National, the Continental National, the Metropolitan National, the Northwestern National, the National Bank of Illinois, the Illinois Trust and Savings Bank, the Corn Exchange Bank, the Northern Trust Company, and the American Exchange National Bank.

In February, 1893, another severe blow was dealt the finances of the enterprise when Congress decided that the Treasurer should withhold $570,880 of the Columbian half dollars still forthcoming as security for the expenses of the judges and awards for exhibits. Since these coins had been issued only for the purpose of completing the Exposition, this new step on the part of Congress was obviously unjust and would not have been countenanced or even attempted between individuals or business concerns. Nevertheless, Congress had its way and this considerable amount was taken out of the building budget for the purpose of making awards. Later because of this broken contract, it was decided that the stipulation against opening the Fair on Sundays was not valid and the Exposition was kept open every day of the week.

To meet this new deficit, the directors then undertook to dispose of more of the unsold Exposition debentures. The railroad companies which operated into Chicago were now chosen as suitable prospects because, once they were made to understand that speedy financial assistance was necessary to avert a crisis in the affairs of the Exposition to which they looked for large profits that would eventually accrue to themselves, they would doubtless be willing to subscribe to the best of their ability. This proved to be the case and when the proposition was placed before them these companies took a total of eight hundred and fifty thousand dollars of the debentures in the following amounts:

Pennsylvania Lines	$140,000
Chicago, Burlington & Quincy	100,000
Chicago, Milwaukee & St. Paul	100,000
Chicago & Northwestern	100,000
Chicago, Rock Island & Pacific	100,000
Lake Shore & Michigan Southern	100,000
Michigan Central	50,000
Illinois Central	100,000
Chicago & Alton	60,000

After these subscriptions had been received, there remained $440,500 of the Exposition debentures still unsold and the money market had by this time become so tight that they could not be moved, no matter what methods were employed.

So, because times were difficult, after the money had been received from the railroads on their purchases of debentures and from the banks of Chicago against the souvenir coins, there remained no other source from which the directors could secure further funds. For a time the financial outlook for the Fair seemed anything but pleasant but, as usual, good fortune was ready to appear just at the critical moment and this time it took the form of bringing the opening date —May 1, 1893—just as the last of these resources had been expended. For three years there had been a constant struggle to provide means for making the opening day a success. With its final arrival, the financial problem, so far as it related to the raising of funds sufficient to open the Exposition, had been solved and the long period of disbursement without earnings was at an end.

By a special act of Congress, approved May 12, 1892, it was provided that any national bank in the city of Chicago might establish and operate a branch on the grounds of the Columbian Exposition for a period of not more than two years beginning not earlier than July 1, 1892, and closing not later than July 1, 1894.

The Chemical National Bank secured permission under this act to establish a branch on the Fair grounds, but within eight days after the Exposition opened the parent bank failed and so the only branch national bank that up to that time had ever been authorized by act of Congress, went out of existence. But even within the short time of its operation more than eighty thousand dollars had been taken in belonging to exhibitors, concessionaires, and visitors. Many of these people were from miles away—some even from foreign countries—and the failure left them stranded without funds. Not only was this

a catastrophe to the depositors of the bank, but at first it looked as though the failure might so destroy confidence as to utterly ruin the success of the Exposition. Much criticism was brought on the Directors of the Fair for having permitted a bank to open on the grounds when it was in such a weak condition that it must be one of the first to succumb in the panic. However, in their investigation of the bank's affairs, the Directors had not seen anything to indicate an unstable condition. The bank was comparatively new, but it had a capital of one million dollars and was believed to be under conservative management. It had offered a fair and advantageous contract to the Exposition for the privilege of doing business on the grounds and had been largely instrumental in securing the passage of the act of Congress permitting such a branch. Since no other leading bank had appeared willing to go to so much trouble and expense, the Chemical National had been awarded the contract without further question.

In order to avoid bringing great discredit on Chicago and to avert disaster for the Exposition, something had to be done very promptly. One of the Directors, Erskine M. Phelps, suggested that immediate steps be taken to pay the claims of all depositors and he went so far as to offer to be one of six to defray the whole amount. This suggestion came on the night of May 9 before the failure had been generally announced in the papers and before it was possible to determine the amount of deposits which had been held by the Exposition branch. A little later when Exposition President Harlow N. Higinbotham learned from the officers of the bank that the exact amount would be somewhere between eighty thousand and one hundred and thirty-five thousand dollars, he got in touch with a number of prominent men by telephone who immediately guaranteed to take care of the whole debt. A few days later each of the following sent in a check for his share of the total, and the claims of all depositors were paid. These gentlemen were later reimbursed by the Receiver of the bank:

William T. Baker
Edward B. Butler
William J. Chalmers
Arthur Dixon
J. W. Doane
Lyman J. Gage
Harlow N. Higinbotham
Charles L. Hutchinson
Elbridge G. Keith
William D. Kerfoot
Ferdinand W. Peck
Erskine M. Phelps
Washington Porter
George M. Pullman
Norman B. Ream
Martin A. Ryerson
George Schneider
Charles H. Schwab
Byron L. Smith
Albert A. Sprague

BRANCH OFFICE OF THE NORTHERN TRUST COMPANY ON THE MIDWAY

Milton W. Kirk
Herman H. Kohlsaat
Edward F. Lawrence
Thies J. Lefens
Andrew McNally
John J. Mitchell
Adolph Nathan
Melville E. Stone
Charles H. Wacker
Edwin Walker
Robert A. Waller
G. H. Wheeler
Frederick S. Winston
Otto Young

By direction of the Executive Committee, President Harlow N. Higinbotham on May 22, invited the Northern Trust Company to open a branch bank in the offices of the Chemical National branch in the Administration Building. This was accepted and the new bank opened on June 12. It continued business until November 18 when the books and accounts were transferred to the main office.

This was a most important step, as the Fair grounds, located at a great distance from downtown banking institutions, were in need of a bank where daily receipts might be properly cared for. For a time the Northern Trust Company sent an express wagon around to its depositors on the grounds each day to collect their funds, but later on found it best to open a second branch on the Midway in a room offered by the Egypt-Chicago Exposition Company in Cairo Street. So, a Chicago bank was established in a setting of bazaars of the east and in the midst of one of the most prominent exhibits on the Midway.

These branches of the Northern Trust Company were never run for profit, but merely as an accommodation to the Directors of the Exposition. As a matter of fact, their net profit was quite small, largely because of the delayed opening. By June 12 many who would have been its customers had already taken their accounts to other institutions in the city, and in the eyes of some, after the failure of the Chemical National Bank, no banking institution on the Fair grounds was to be trusted. Nevertheless, in its report, the Northern Trust Company showed that it had handled large sums through these branches. This report included the following items which are of general interest:

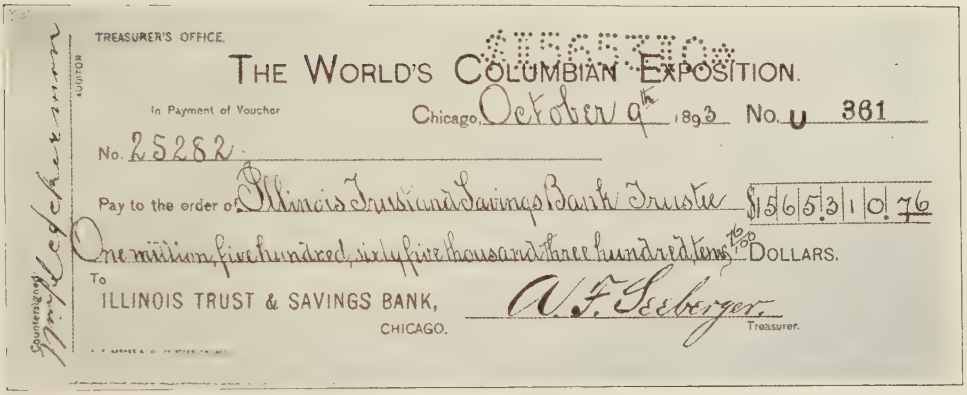
Total amount of business handled	$38,181,818.00
Total deposits	22,012,500.22
Total amount deposited by the Exposition Company	11,384,741.92
Deposits taken in at Midway branch	1,873,930.00
Largest amount deposited in any one day (October 10, day after Chicago day)	456,116.73

Greatest amount on deposit at any one time (October 26) 1,593,593.75

During the early weeks of the Fair as the panic grew, attendance fell off and there was general distress among those who were doing business on the grounds. In June, however, the attendance began to grow rapidly and, whereas the average paid attendance in May had been but 37,510 a day, the following month it rose to 89,170. Total receipts from all sources during May amounted to $583,031.25, while in June they were $1,256,180. This increase made possible payments on the floating debt and some headway was gained in clearing away the unpaid obligations that were pressing for settlement. By the end of the summer it was plain that, in spite of the panic and the many other difficulties that had beset the Fair, a financial and popular success had been achieved.

On August 3 the Executive Committee authorized the payment of an installment of ten per cent on the Exposition bonds. This was made possible because during the first three months there had been received from admissions and concessions the sum of $4,171,953.38, while operating expenses had been only $1,822,672.37. Most of the pressing obligations had been paid by this time and a large part of those still remaining were not yet due. Under these circumstances it was deemed best to declare the ten per cent dividend to bondholders so that, in the event of the failure of the Exposition financially, they might share in the assets on a basis somewhat equal to other creditors. Since the total bonded debt amounted to $4,444,500, this payment was for $444,450. As receipts continued in satisfying amount, a second payment of ten per cent was made on the bonds on August 30 and the third, fourth, and fifth installments were paid on September 7, 15, and 22, respectively. On September 29 twenty per cent was paid and the remainder was paid off together with the interest on October 9 which was celebrated as Chicago Day. In all, this last thirty per cent payment, together with the accrued interest, amounted to $1,565,310.76.

As early as the beginning of September it was plain that the Exposition would receive enough patronage to enable it to discharge all obligations and have a surplus greater than necessary for closing its affairs. But the real success, financially speaking, was to culminate in October when, on three successive days, the attendance registered 1,325,452 people. A great enthusiasm which had now developed for



TREASURER'S OFFICE.

THE WORLD'S COLUMBIAN EXPOSITION.

In Payment of Voucher

Chicago, October 9th 1893 No. U 361

No. 25282

Pay to the order of Illinois Trust and Savings Bank Trustee $1,565,310.76

One million, five hundred, sixty five thousand three hundred ten 76/100 DOLLARS.

To

ILLINOIS TRUST & SAVINGS BANK,

CHICAGO.

A. F. Seeberger,

Treasurer.

FAC-SIMILE OF THE CHECK WITH WHICH THE FINAL INDEBTEDNESS OF THE BONDS WAS PAID

OFFICE OF THE NORTHERN TRUST COMPANY IN THE ADMINISTRATION BUILDING

the Fair not only caused visitors to encourage others to go, but led many to return time and again to see the splendid sight.

When the Exposition was closed on October 30, there were sufficient funds to meet all obligations and declare a fifteen per cent dividend on the stock. When a final settlement was made on June 1, 1894, it was found that the total disbursements of the Exposition Company alone had amounted to $27,245,566.90 and the estimate of thirty million for all expenditures, which had been made by the Committee on Appropriations of the House of Representatives some two years before, had been far too small.

As is to be expected of so enormous an undertaking, the World's Fair had a marked and lasting effect on the development of the city of Chicago. The widespread overtrading and expansion, everywhere evident in 1890 and 1891, were marked in Chicago particularly by a boom in real estate. This was especially intensive in the city because of its tendency toward rapid growth, but had it not been for the Fair, the boom must have been followed by a collapse long before it had succeeded in bringing any great development to sections as far from the city as that in which the Fair grounds were ultimately located. Preparations for the Fair, however, brought an era of development for the territory surrounding the city that was phenomenal. New business enterprises were established and these built up a circle of small towns about Chicago, such as Harvey, Chicago Heights, West Pullman, and South Waukegan (now North Chicago). All this brought about rapid extensions of roads and railways to take care of the new communities.

During the period when various sites were being considered as suitable for the Fair grounds, each new plot under consideration was made the storm center for the real estate boom. Frequently property close to a proposed site—later not used—was sold at fabulous figures and re-sold several times at a profit before it became known just where the Fair grounds would be. Every corner became a prospective hotel site and every large open space assumed value as a possible entertainment project. When finally the Jackson Park location was definitely agreed upon, hundreds of apartment houses were built to compete with one another for lodgers during the Fair season and later to compete with all parts of the city for tenants. The effect of the Fair on the district around Jackson Park was remarkable. In but a few months' time, rapid transit was secured which ordinarily would have come only through months or years of normal development.

After the Fair the combination of good railroad transportation and cheap rentals resulted in a general movement of tenants from all parts of the city to the district surrounding Jackson Park, which made for the permanent growth of that section.

Nor was the commercial benefit confined to the newly developed south side of the city, but downtown districts seemed to share almost equally in the expansion. During this period a number of large new office buildings were erected and some, not very old, structures were torn down to make way for larger, more modern buildings.

One beneficial effect of the Fair which should be recorded is the increased interest in the development of Chicago along artistic lines. Particularly in the field of banking did good architecture come into being. The example that had been set by the splendid buildings in Jackson Park was carried into much of the new building of a permanent nature that followed. No longer was Michigan Boulevard the only show street of the city, but thereafter La Salle Street, the banking center, rapidly developed into one of the finest financial streets of the world.

(Courtesy Central Trust Company)

THE WORLD'S COLUMBIAN EXPOSITION OF 1893

From painting on the walls of the Central Trust Company of Illinois

CHAPTER XVI

PERIOD OF DEPRESSION AND THE SILVER CONTROVERSY

Four years of depression with railroad, labor, and other troubles, due in part to doubtful money standard—Agitation for abandoning gold standard—Politics and the silver agitation—Railroad riots of 1894—Morgan-Belmont Syndicate and return of confidence—Cuban controversy—Democratic stand for free silver—History of the silver movement—Bryan—Panic of 1896—Closing of the Chicago Stock Exchange—How Chicago's wheat prices aided the gold standard—Failure of the National Bank of Illinois—Improving conditions in 1897, 1898 and 1899—Attempted reversions to bi-metallism—Lyman J. Gage—Indianapolis Monetary convention—Charles G. Dawes' plan for currency reform—Decline of the silver party—War with Spain—Figures on the Illinois bank situation.

While it was confidently hoped that a healthy reaction would set in early in 1894, no such thing took place, and the depression which had settled upon the industrial, commercial, and financial world did not let up to any noticeable extent until 1898. In the spring of 1894 general want and distress were so great as to result in labor strikes and riots. While these were experienced in many parts of the country, the worst of them centered in and about Chicago. That same year there were one hundred and fifty-six railways with approximately thirty-nine thousand miles of road in the hands of receivers. New railway construction had practically stopped, as was to be expected in a situation where even such great systems as the Erie, the Northern Pacific, and the Union Pacific had failed. Then to add further to all these difficulties, in 1894 the corn crop failed and other crops the country over were very small.

In this last, Illinois was a little more fortunate than most of her neighbors and on the whole her farm yields were good, but prices fell to unusually low levels because bumper crops had been harvested in Europe. The agricultural situation again affected the railways, the warehouses, and milling interests, and from there once more sent cause for further depression around the vicious circle.

Foreign trade, even for such commodities as America had in ex-

cess, was restricted by a doubt which existed both at home and abroad as to the ability of the government to maintain its gold standard. In addition, tariff reforms were impending, and manufacturers were menaced by a proposed reduction of import duties and a resulting shrinking demand which would curtail production or close factories. Production of mines fell off because of the lessened construction taking place. This still further reduced traffic on the already hard-pressed railroads and threw large numbers of people out of work, lowered the wages of others, and again the vicious circle went round. Unemployed crowded the streets demanding work and food and broke into more riots.

This unhappy situation, which prevailed everywhere, doubtless was due chiefly to the agitation then abroad for the abandonment of the gold standard. Back in 1878 the Bland-Allison Silver Purchase Act had been passed. In 1889 the Secretary of the Treasury described its operation as follows:

"The continued coinage of the silver dollar, at a constantly increasing monthly quota, is a disturbing element in the otherwise excellent financial condition of the country, and a positive hindrance to any international agreement looking to the free coinage of both metals at a fixed ratio.

"Mandatory purchases by the government of stated quantities of silver, and mandatory coinage of the same into full legal-tender dollars, are an unprecedented anomaly, and have proved futile, not only in restoring the value of silver, but even in staying the downward price of that metal. * * *

"No proper effort has been spared by the Treasury Department to put into circulation the dollars coined under this law. They have been shipped, upon demand, from the mints and sub-treasuries, free of charge, to the nearest and most distant localities in the United States, only to find their way back into Treasury vaults in payment of government dues and taxes. Surely the stock of these dollars which can perform any useful function as a circulating medium must soon be reached, if it has not been already, and the further coinage of them will then become a waste of public money and a burden upon the Treasury."

In 1890 this law was finally repealed and the Sherman Silver Purchase Law enacted in its stead. This required that the Secretary of the Treasury purchase four and one-half million ounces of silver bullion each month against which and in payment whereof Treasury

FREE SILVER CARTOON FROM "COIN'S FINANCIAL SCHOOL"

notes of full legal tender were to be issued. This bill existed only three years. President Cleveland exerted every effort from the moment he entered the White House in 1893 to have it repealed. During its existence the money supply of the country increased considerably, as was evidenced from the Treasury report of 1893, which reads in part as follows:

"One of the principal difficulties encountered by the Treasury Department results from the indisposition of the public to retain standard silver dollars and silver certificates in circulation. It requires constant effort on the part of the Treasury officials to prevent the certificates especially from accumulating in the sub-treasuries to the exclusion of legal-tender currency."

Politicians now seized upon this silver situation and soon succeeded in creating a popular belief that it lay at the bottom of all the difficulties of the time—and in truth it did, but rather because of the unsettled state into which such controversy had thrown the country than for any other reason. Also there were those—among whom were a number of prominent bankers of Chicago—who insisted that the remedy to existing troubles lay, if not in the absolute destruction of government note issues, then at least in their temporary withdrawal or suppression so that the Treasury might for a time at least, be free from the troubles attendant on the redemption of such paper. This was also the opinion of President Cleveland. He maintained that the constant endeavor to uphold the redeemability of Treasury notes was resulting in a large increase in the federal indebtedness and that it would be far better to purchase and cancel the notes outright with the same outlay of money. Thus it would be possible before long to destroy all the notes of 1890 and a portion of the greenbacks then in circulation.

Of all the things that occurred to add to the general distress in the year 1894, one in particular was to mark the state of Illinois as the center of one of the greatest terrors of all, and one which had as large a bearing as any upon the general commercial and financial unrest of the country as a whole. This event was the uncontrolled riots which raged in and about Chicago in the early days of July. The lawlessness of these uprisings held the transportation interests of the whole nation in subjugation, stopped commerce, defied authority of every kind, and for a time seemed to menace the very foundations of society and government.

The strike was first inaugurated by the American Railway Union

under the leadership of Eugene V. Debs in the latter part of June but did not develop to any serious extent until July. Then, although Chicago was the center of the disturbance, the trouble extended actively all the way to the Pacific coast, down to Louisville and Cincinnati, and also embraced a number of railroad lines operating east of Chicago. In fact, the rioters had possession of all railroads centering in Chicago, and by July 1 they boasted that they had tied up no less than thirty-five complete lines. Not a train was allowed to be moved and for days not a bushel of grain was brought into Chicago. Freight shipments both into and out of the city were practically stopped and even the mails were interfered with in defiance of federal law.

Were any attempt made to run a train, the rioters would pull off the men handling it and treat them outrageously. Then they would tear up the tracks, overturn the train, and before long they even went so far as to burn hundreds of cars in the stock yards and other districts. Property in general was destroyed until all operations had been stopped on half the mileage in the country, and the rioters were gaining such success and instilling such terror that it looked as though they might soon make good their intention to tie up the other half as well. They even went outside their own union and attempted to call out the employees in other trades.

Within a few days such a condition of general anarchy had developed that the courts were again appealed to, but the rioters would pay no attention to their injunctions. Marshals and deputies could not subdue the lawless force, and affairs appeared so serious that great excitement prevailed even in Europe, where it was reported that not riot, but civil war, was in progress in America.

On July 8 the President of the United States issued a proclamation declaring that it had become impracticable to enforce the judicial proceedings of the United States by ordinary course in Illinois and especially in Chicago, and that thereafter federal troops would be garrisoned in every railroad station in the city. In addition, both the Northern Pacific and the Union Pacific railroads were put under military control, and as a result the riots were quelled and the trouble quickly subsided in Chicago.

Throughout the year business conditions generally continued in a bad way, but after the first month of 1895 a marked improvement set in. Up to that time the nature of our currency, together with the controversies about it, had been such that there had been much grave doubt as to the ability of the government to redeem it in gold. At the

opening of the new year even greater gloom prevailed for a short time as enormous amounts of gold were being withdrawn from the Treasury, both for exports and for domestic use. By the end of January the Treasury faced the possibility of suspension of gold payments unless speedy relief was somehow obtained, and on January 30, the Assistant Treasurer at New York reported to Washington that he thought the sub-treasury stock of gold would not hold out another three days. Such might have been the case had it not been for the fact that on that very day the government entered into negotiations leading to the Morgan-Belmont Syndicate agreement. This was an agreement on the part of the government with a number of financiers and bankers whereby it was stipulated that four per cent bonds, maturing in thirty years and amounting in all to about sixty-two million dollars, should be exchanged for gold, receivable by weight, amounting to a little more than sixty-five million dollars. This gold was to be delivered in installments at such intervals that the entire amount would be paid within about six months, and at least one-half of the total was to be furnished from abroad. Furthermore, the Syndicate agreed that during the continuance of the contract it would exert every means in its power to protect the government against gold withdrawals.

Through this sale of bonds and the consequent large importations of gold, the Syndicate made it possible for the Treasury to establish definitely the ability of the country to maintain gold payments. This new plan had a decided advantage over previous bond-selling schemes, few of which had worked with any marked success, in that the gold it paid into the Treasury actually stayed there. Even after the Syndicate had completed its contracts and agreements with the government and paid into the Treasury all the gold promised, it still functioned in periods of heavy withdrawals and returned large quantities of the precious metal upon which the confidence of the nation depended.

In addition to the good effect the operations of this Syndicate had upon the business of the country, the year 1895 saw excellent crops which added their share to improved railroad earnings and likewise contributed to the upbuilding of general business to such an extent that in the iron and steel industries conditions reached the proportions of a boom before the year had ended.

Because of the operations of the Syndicate, it was July before any exports of gold were made to Europe. Meantime confidence had developed abroad as well as at home. Large quantities of American

bonds had been absorbed in Europe and foreign exchange rates declined. It seemed that an end to the long period of hard times must be coming at last. Throughout the country, month by month, there was displayed an ever increasing confidence and with it a more and more gratifying volume of business. This state of affairs continued through the month of November.

But with the coming of December there arose a controversy with Great Britain over the boundaries between Venezuela and British Guiana. The belief that this dispute might involve the United States in war with Great Britain created a panic on the New York Stock Exchange and caused several failures in the east. Before the end of the month matters looked a little brighter, but the new year was still to be ushered in under a war cloud.

The year 1896 opened with the Venezuelan difficulty hanging over it and ended with the Senate suggesting action with regard to Cuba which, if carried out, would result in war with Spain. These two situations would have been enough to keep the finances of America in a state of turmoil throughout most of the year, but matters of so much greater difficulty arose as to throw these two impending wars into the background. That no actual panic occurred in 1896 was due to the quick and efficient action of financial and banking institutions on several occasions.

Political conventions throughout the country were showing a decided feeling in favor of currency reforms which were bound to make an already bad situation gravely worse. At the State Democratic Convention of Illinois, held in June, it was made plain that the silver advocates dominated that body. The situation did not become highly critical, however, until early in July when, at the National Democratic Convention held in Chicago (July 7 to 11), a definite stand was taken for the free and unlimited coinage of silver by the large vote of 628 against 301. In addition, this convention favored a number of other dangerous doctrines, among which was a plank, injected by Governor John P. Altgeld of Illinois, who had come into national prominence through the pardoning of prisoners who had engaged in the Haymarket riots staged by anarchists. Thereby the Supreme Court of the United States was criticized and the use of the injunction and contempt procedure, which had been utilized during the strike of the American Railway Union, denounced. This plank which definitely held out against the "arbitrary interference by federal authorities in local affairs as a violation of the Constitution of the United States

and a crime against free institutions," caused so much agitation that the financial press and other mediums published long articles harking back to the riots of two years before which could not have been stopped by any force less than that of the federal government and wanted to know what the country was coming to when one of its greatest political parties would stand for such disastrous demonstrations.

This declaration, however, soon disappeared from the stage of public interest to make way for the more heated discussion of the silver question which now, as in the past, provided a particularly fertile field for politicians in general. As early as 1892 they had seized upon it in the west and soon created a popular belief that it lay at the bottom of all the difficulties of the time. As yet gold mining was not so prominent a factor to the country in general and to the west in particular as was silver. Gold was being found to a great extent in California and the Cripple Creek district of Colorado had begun to be opened up, but beyond that the gold mines of the United States did not amount to a great deal. Consequently, the west was strongly for the free and unlimited coinage of silver which, it believed, would give an ample outlet for the products of western mines. At first this western sentiment was not confined to any one political party. It was Senator William M. Stewart of Nevada, a strong Republican, who during the early attempts of President Cleveland to repeal the Silver Purchase Act and to discontinue the coinage of silver dollars, talked for so many hours in favor of silver coinage as to make one of the most noteworthy filibusters in the history of the country. For some years western newspapers kept up a campaign advocating the free and unlimited coinage of silver and it was probably largely as a result of this that Senator Stewart made his famous filibuster talk in Congress.

As the presidential campaign of 1896 approached, this element attempted to get control of both of the important national parties. Since they had failed at the Republican Convention, they attempted to set up Senator Henry M. Teller of Colorado, a strong Republican, as the Democratic presidential nominee of the Chicago convention. This attempt was pushed so vigorously by a group of senators from the west that newspaper men dubbed it the "Silver Senatorial Syndicate."

At the Republican Convention held in St. Louis in June, Herman H. Kohlsaat of Illinois, who was then editor of the Times-Herald of

Chicago and an ardent advocate of the gold standard, led the campaign for gold in the middle west. Mr. Kohlsaat was a close friend of William McKinley and, with the coöperation of Marcus A. Hanna, the sound money interests were able to control the Republican Convention and adopt the gold standard—this in the face of a threatened bolt of delegates from a number of the western states.

At the Democratic Convention held the first week in July following at the Coliseum in Chicago, the gold element was in control of the national committee, as had been the case with the Republican Convention, but a very large majority of the delegates were for the free and unlimited coinage of silver at a ratio of sixteen to one. Senator David B. Hill of New York was the spokesman for the gold standard and, while the speakers in favor of a silver platform had numerous advocates, the leadership on that side quickly centered in William Jennings Bryan, Congressman from Nebraska. Bryan was then only thirty-six years old and had been previously unknown in national politics. Apparently he had not even been thought of seriously for the nomination, but when he delivered a speech of impassioned eloquence upholding the cause of free coinage of silver he quickly captured the Convention. In his address Mr. Bryan said in part:

"If they ask us why it is that we say more on the money question than we say upon the tariff question, I reply that, if protection has slain its thousands, the gold standard has slain its tens of thousands. If they ask us why we do not embody in our platform all the things that we believe in, we reply that when we have restored the money of the Constitution all other necessary reforms will be possible; but that until this is done there is no other reform that can be accomplished. * * * If they say bi-metallism is good, but that we cannot have it until other nations help us, we reply that, instead of having a gold standard because England has, we will restore bi-metallism, and then let England have bi-metallism because the United States has it. If they dare come out in the open field and defend the gold standard as a good thing, we will fight them to the uttermost. Having behind us the producing masses of this nation and the world, supported by the commercial interests, the laboring interests, and the toilers everywhere, we will answer their demand for a gold standard by saying to them: You shall not press down upon the brow of labor this crown of thorns, you shall not crucify mankind upon a cross of gold."

This speech was followed by one of the greatest demonstrations in political history—the march of the standards—during which the Convention was thrown into pandemonium. State delegates carried their standards around the hall in an uproar that lasted for almost an hour. It became evident that Bryan, who had surprisingly captured the Convention, had completely forced out the silver senatorial group which was urging the nomination of Republican Senator Henry M. Teller of Colorado and a large number of other candidates who were "favorite sons" of various states. But, after the "Cross of Gold" speech, sentiment crystallized for Bryan over night and he was nominated with a wide margin over the two-thirds vote of delegates required by the rules of the Convention.

The very week after this Convention, the Stock Exchange showed a marked depression with a heavy decline in prices. Gold was again withdrawn from the Federal Treasury and the bankers of New York, Boston, Philadelphia and Chicago went to its rescue with approximately twenty-five million dollars.

While the Democrats had so definitely adopted a platform for unsound money, the Republicans came out for a strictly gold standard on the ground that there existed no international standard ratio for the coinage of silver. Thus the campaign was fought almost entirely on a currency basis.

Each party had many defections. The Republicans lost from those states in which silver was mined and the Democrats from practically all sections excepting the south. However, the latter gained much from an alliance with the Populists who, at their Convention, nominated a candidate of their own for Vice-President, but joined the Democrats in uniting on Bryan for the Presidency. Similarly, the silver Republicans formed a party and after a fortnight or more of negotiations at St. Louis, elected to support the Democratic presidential candidate.

All these supporters of free silver preached that the financial difficulties, which had existed since 1893, were due to an inadequate money medium. They said that industry was depressed because of the discrimination of the mint against silver and that this defect alone was fundamental. This group refused to recognize the fact that the forces controlling the flow of specie were universal, but instead regarded the interests of the United States and those of other countries as radically different. The long continued depression had led many people to believe that some radical change was necessary; this one

was being talked on all sides, so they accepted it. In the west the price of wheat and corn had fallen to so low a point that it could be produced profitably only under the most advantageous natural conditions, and consequently great agricultural interests, irrespective of party, also were being strongly appealed to on the theory that their property interests were dependent upon the restoration of silver, which was expected to boost prices by making money more plentiful.

The silver advocates had been issuing a vast amount of literature during 1893, 1894, and 1895, among which was a pamphlet called "Coin's Financial School." This described classes supposed to have been held at the Art Institute in Chicago and to have been attended by the most prominent bankers, business men, economists, and advocates of the gold standard, all of whom were depicted as staggered by the simple conversational instruction of a very youthful teacher. These lectures were profusely illustrated by cartoons supposed to have been sketched on the blackboard by "Coin," and they gave great prominence to the "fallacies" in the contentions of such men as Lyman J. Gage, president of the First National Bank; Victor F. Lawson of the Chicago Daily News, Joseph Medill, publisher of the Chicago Tribune; John R. Walsh, president of the Chicago National Bank; Professor J. Laurence Laughlin of the University of Chicago, and many others of equal prominence, and pretended to have convinced all of these of the soundness of silver money theories. Long before the prominent citizens so attacked had become aware of the use to which their names were being put for a cause to which they were opposed, thousands of these pamphlets had been distributed throughout the country.

Seven main contentions of the silver men which were prominently advertised in this way were:

1. Demonetization of silver had deprived the people of one-half of the primary money made available by nature.

2. This great contraction of money, increased by the falling-off in the production of gold, had caused the steady downward trend in prices since 1873.

3. The consequent enhancement of the purchasing power of gold enormously increased the obligations of the debtors having deferred payments to make.

4. These unsatisfactory conditions would be aggravated by concentrating upon one metal only the measuring of values and debt-pay-

ing power; while the alternative existed of paying in either metal, the danger of inordinate enhancement of one was neutralized.

5. The farmer was compelled under the gold standard to compete with producers in other lands (India, etc.) where labor was cheap and the silver basis prevailed.

6. The United States should take the lead by opening the mints to free and unlimited coinage of silver, which would surely bring silver to parity and compel other nations to do likewise.

7. The United States required a larger volume of money, and free coinage was the proper way of increasing it, especially as the country produced so much silver.

The gold advocates, on the other hand, in counter literary attacks contended that:

1. The volume of money had actually increased in greater ratio than population, and the growing use of credit instruments had added to the media of exchange.

2. The fall in prices was due chiefly, and probably wholly, to improved methods of production, and had no relation to the demonetization.

3. Producers were also consumers and hence had to pay less for commodities, so that relatively they were not injured by the fall in prices.

4. The theory of having two standards was a delusion. Only one thing could actually be a standard. That in fact gold was the only standard, silver being measured by it.

5. Free coinage meant depreciated money than which no device was more potent in cheating both the producer and the consumer. It would precipitate the country upon a silver basis with gold at a fluctuating premium as in Mexico, not only contracting the volume of money, but causing untold injury to all interests.

6. Europe would be only too glad to have the United States take up the silver burden alone, enhancing the value of Europe's stock of silver, but would not follow the example.

7. The volume of money was then greater than the needs of the country and when greater needs manifested themselves the supply would come from abroad in the shape of gold and from the product of our own mines at home, the output of which was now rapidly increasing.

The extent to which the economic fallacies of Bryan and his fol-

lowers were accepted was humorously related by an Illinois banker, who shared the anxiety of all political parties of those days. He said:

"Sentiment coupled with the demand for the remonetization of silver as a legal tender for debts grew into a loud-voiced protest in which William J. Bryan's voice became the most conspicuous. At the convention of the Democratic party held in July, 1896, the following resolution was adopted:

"'We demand of the present Congress the immediate return to the money of the Constitution as established by our fathers, by restoring the free and unlimited coinage of both gold and silver at the present ratio of 16 to 1, the coins of both metals to be equally full legal tender for all debts, public and private, as before the fraudulent demonetization of silver in 1873.

"'We also condemn the increase of the national debt in time of peace, and the use of interest bearing bonds at any time.'

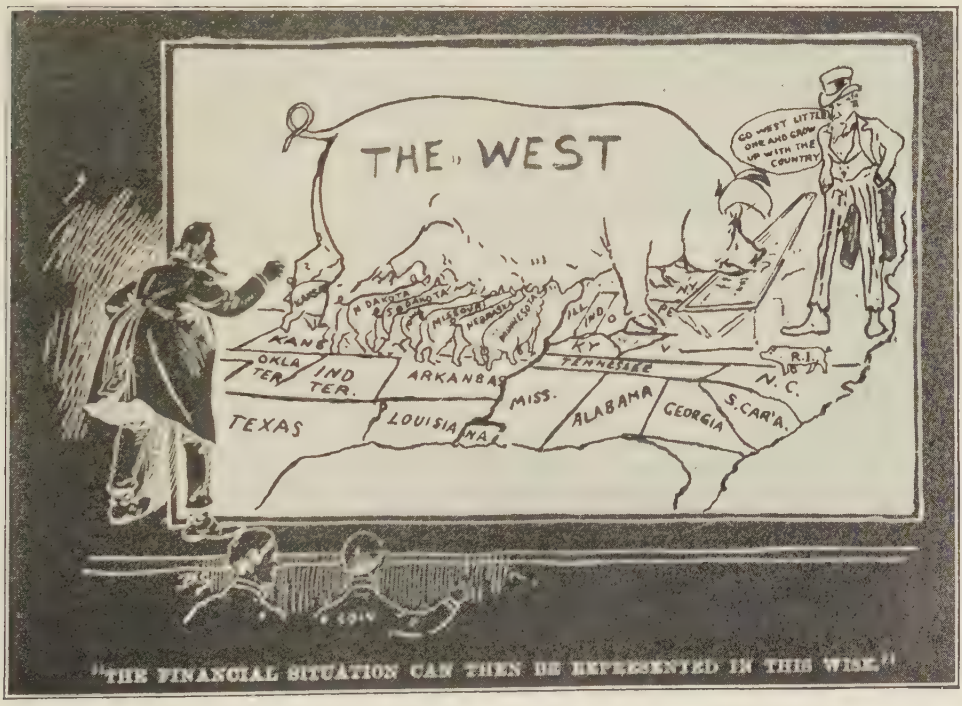
"Now, while the finances of the country comprised the political issues of the time, yet, as I recollect, the country did not awaken to the real dangers that the silver party was creating until the above platform was constructed by the advocating of a full legal tender for debts. It was then that the banks and the business world awoke with a start to a realization of what they were facing.

"There was a plan to give a false value to silver by compelling everybody to take about forty-eight cents worth of metal at a par of one hundred cents in payment of debts. This prospect was a terrible awakening to the banks especially. They faced certain ruin if the silver party was successful in November. But even a portion of the Democratic party realized the gathering storm and rallied to the rescue, and many gold Democrats voted with the Republicans, although the organization of the Democratic Gold Party with John M. Palmer of Illinois as their candidate had been established.

"The panic of 1896 had in it more solid reasons for alarm than any of its predecessors. What bank could stand up under a discount of fifty-two per cent from par on its bills receivable? Thus we were menaced with the silver party, led by the magical voice of its shepherd orator, William J. Bryan with his crown of thorns and cross of gold, every unscrupulous debtor was fighting for the right to cut his obligation in half, regardless of its effect on the creditor who had trusted him.

"No wonder we were frightened. Here we were confronted by a perfect deluge of silver money, at a legal ratio of sixteen of silver

FREE SILVER CARTOON USED DURING THE 16 TO ONE CAMPAIGN



SOUND MONEY CARTOON USED DURING THE FREE SILVER CAMPAIGN

to one of gold to be disgorged from the United States mint upon the doomed heads of the banks of our nation, and the shibboleth of 'Sixteen to One' went through the hosts of radicalism and revolution like a war cry.

"This war cry of 'Sixteen to One' was much misunderstood by a considerable portion of the party. Some thought it meant that sixteen cents in silver would pay one dollar of debt, others that silver was to be taken at a ratio of sixteen silver dollars to one of gold. Both conclusions were wrong of course and both equally absurd, but the misconception resulted in some funny consequences and here is one as related by a Congressman from Michigan:

"He and three friends enroute to the western coast stepped off the train at Reno, Nevada, and while the train was going through the usual divisional changes, they went to a nearby saloon. When the drinks had gone round, the gentleman treater discovered that he had left his money in his grip on the train and that only a souvenir gold dollar remained. But this was enough for the purpose and he reluctantly slapped his pocket piece on the top of the bar. The bill was ninety cents. The barkeeper stared at the coin as if it were an ancient curio.

" 'Well, I'll be darned,' said he, 'I ain't seen one of them things since I came to this silver-mining country. That's the thing that's shutting up our mines in these parts. Now we're going to knock it out when Billy Bryan wins out, but in the meantime we got to make good on our politics. We're shoutin' "Sixteen to One" and we got to make it good, so here goes,' and he proceeded to pass out sixteen silver dollars and ten cents in change.

"Just then the conductor poked in his head to call 'All aboard' and the tourists regained their train, full of silver and laughter at the expensive ignorance of the barkeeping politician."

Since there was a large number of prominent Democrats who preferred not to go over to the Republican party and who were yet unable to support Bryan and his platform demanding "the free and unlimited coinage of both gold and silver and the present legal ratio of 16 to 1 without waiting for the aid or consent of any other nations," these met on August 7 and, completely repudiating the platform of the Chicago Convention, called a convention of their own which met in Indianapolis on September 2. This group, which called itself the "Honest Money Democrats," nominated Senator John M. Palmer of Illinois and General Edward S. Bragg of Wisconsin, who had made

a great name for himself during the Civil War, to represent them as presidential candidates. Only one vote was taken and by it Senator Palmer was selected for the honor. Simon B. Buckner of Kentucky was then nominated by acclamation as the candidate for Vice-President. Chicago was prominently represented at this convention and likewise some of the best known business men and statesmen of other sections of the country were present.

After that the whole campaign was fought most bitterly. In its early stages the silver sentiment seemed to sweep the country from Ohio throughout the west. The south, however, which was overwhelmingly Democratic, was more lukewarm on the silver platform than any other section of the country, except the east. Nevertheless, the south continued to support the silver candidates.

Early in September a change in sentiment began to manifest itself, but this did not occur until the country had been flooded with educational literature pointing out the fallacies of the silver arguments. It is estimated that some eighty million pieces of such literature were circulated by the various sound money interests and this contributed more to the adoption of the gold standard than any other means.

Doubtless the greatest service rendered the country by any group came from an organization known as the National Sound Money League. Nationally known men gave their time and efforts to this cause in which they were most careful to keep all arguments from taking on a political aspect. Among the more prominent Democrats from Illinois who, upon repudiating the action of their party, identified themselves with this non-partisan movement for sound money, were Franklin McVeagh, later to become Secretary of the Treasury, Ex-Mayor John P. Hopkins of Chicago; Roger C. Sullivan, later to be Democratic leader in Illinois; Senator John M. Palmer; Benjamin S. Cable of Rock Island; James H. Eckles, Comptroller of the Currency; John R. Walsh, prominent Chicago banker and owner of the Chicago Chronicle; Washington Hessing of Chicago, Postmaster and editor of the Illinois Staatszeitung; Francis S. Peabody of the Peabody Coal Company and a number of other commercial enterprises in Chicago; Erskine M. Phelps, Chicago, Assistant Treasurer of the United States; Cyrus H. McCormick; and many other prominent merchants and business men of the state.

The National Sound Money League published a paper in Chicago called "Sound Money," and distributed it gratuitously to the press of

the country and to public speakers and other mediums for influencing public opinion. In this way data and arguments in the interest of right thinking and right voting were furnished. These men and many other economists contributed to the columns of the paper and raised large sums of money which were expended in a purely educational campaign. They emphasized the dishonesty of the free coinage of silver at the ratio of 16 to 1 when the commercial ratio was more than twice as great, and their logic in many instances was reinforced by history. Since this organization included as many prominent Democrats as members of other parties, it was able to reach and command the attention of people who would otherwise have rejected the information it gave.

Among other valuable information used by these gold advocates were the arguments of Senator Sherman of Ohio against the charge that the coinage law of 1873 had been passed as a result of underhanded legislation. The Senator said:

"I have been often asked not only in this Chamber but outside, how it comes that the silver dollar was dropped from among the coins of the country. The answer is that in 1873 when these statutes were so carefully revised, the silver dollar as provided in the then existing law was worth more than a dollar in gold, more in the money markets of the world. There was no use then in issuing the dollar, because it would go into the melting pot, being worth more than the gold dollar. That was the reason why the silver dollar was not provided for. That was before the movements which have been commented upon in Europe, and especially in Germany, commenced to affect the price of silver; that is, they required sixteen ounces of silver to be equal to one ounce of gold. The result was that a dollar in silver was worth more than a dollar in gold. France and other countries had said that fifteen and a half ounces of silver should be equal to an ounce of gold and that made a difference of three or four per cent as between their relation and ours, which difference was sufficient to induce the exportation of silver in the form of dollars, or bullion to France or the countries of Europe where the double standard prevailed. The result was that there was no object in 1873 in providing for the silver dollar. If it had been issued from the Mint it would not have gone into circulation but would have been exported."

As a matter of fact, even in making the concessions already existing in the matter of silver coinage, the United States government was completely reversing the policy of other important countries. By

the second half of the nineteenth century most of Europe was turning to a gold standard. As early as 1874 the countries of the Latin Monetary Union had ceased the free coinage of silver. Germany and Holland had taken similar action and, as a result, large quantities of silver were on the market available for sale. Meantime, the mines of the world were increasing their output. When first this situation prevailed, oriental countries, much given to the hoarding of precious metals, absorbed the surplus so that there was no sharp break in prices. But after the Civil War, when the southern states resumed and developed their cotton shipments, this so cut down the supply of that commodity formerly absorbed by India as to be reflected in the lessened absorption of silver in the east. Then came the Bland-Allison Act after which the Treasury confined its silver purchases to two million dollars a month and silver dollars began to pile up in the Treasury. Finally, even though that was repealed, banks were still working off their silver on the Treasury and themselves keeping the gold.

As the sound money campaign progressed, this fact, together with the heated arguments which were given on both sides, more and more developed a lack of confidence in the Treasury's ability to meet its obligation in gold. Consequently, gold was hoarded everywhere until the surplus, which had been $105,000,000 in 1890 and had been entirely wiped out by 1893, now became a deficit of many millions.

On August 12, 1896, Bryan himself brought about a slight change for the better when, at a meeting held in Madison Square Garden, New York, for the purpose of making formal announcement of his nomination, he delivered a speech which fell so far short of his Convention address and which was so weak in its arguments that before he had finished the audience had materially dwindled. This made it plain that he could not carry so large a majority as had at first been feared and promptly the New York Stock market began to rise, while the sound money men were given excellent opportunities for refuting Bryan's unsound arguments.

Meantime, in Chicago, the convention city which had housed the meeting that was to bring months of great anxiety to the country, affairs other than political were also happening to make a bad situation worse. Through speculation in the stocks of the Diamond Match Company and the New York Biscuit Company, the large brokerage house of Moore Brothers failed with liabilities estimated at fifteen

millions. As a result, the Chicago Stock Exchange was closed from August 4 until the following November.

In spite of these difficulties, in the early autumn something occurred which greatly enforced the arguments of the sound money advocates and turned the attention of the west and middle west, in particular, to the worth of the monetary principles of the Republican party and its candidate, William McKinley. Wheat in Chicago had touched the extraordinarily low price of fifty-three cents a bushel. Then came news of the partial failure of the crop in India. This meant that India, usually an exporting country, would have to import wheat for her own use. Immediately the price in Chicago began to rise until by September wheat was selling for seventy cents, in October it reached seventy-four and seven-eights, and during election week was priced at ninety-four and three-eights cents a bushel. The silver advocates quickly asserted that the money power was putting up the price over the election period to delude the farmers. The sound money element, on the other hand, gave forth the assertion that under a free coinage standard wheat could never again rise so far. Since the country was still on a gold standard and wheat was rising, the farmers and others decided to let well enough alone, the sound money argument held sway, and the election went for McKinley by an electoral vote of 272 against 175 for Bryan, and a popular plurality of six hundred thousand.

This decisive victory for sound money worked a complete revolution. Seldom if ever had such a change been accomplished in the country's history. On November second the desire to hoard had been so great that there had been a long line of people at the sub-treasury in New York and the banks and bullion brokers everywhere were beset with an insatiable demand for gold. Dealing in foreign exchange had become equally intense with a premium of as much as one per cent. But, on November fourth—the day after the election—the premium had vanished and gold, everywhere a drug on the market, was re-deposited in large amounts.

Had the election taken place two months earlier, it is highly possible that the silver advocates might have won. Meantime, those in favor of sound money had conducted an extensive educational campaign which had been amply seconded by the rising prices of wheat. Even as matters stood, however, so many Republicans elected were not strictly for a gold standard that it became understood that upon any House bill on currency the Senate would affix an amendment

providing "for the free and unlimited coinage of silver at the ratio of 16 to 1 without the aid or consent of any other nation" and this position was held by the Senate until 1900.

Meantime Bryan, himself, undaunted by his defeat, was continuing to spread his heresies abroad and as late as 1899 the Banker's Magazine reported that in an address he had asserted that in the first six months of McKinley's administration there had been more bank failures than during any six months of Cleveland's second term. As a matter of fact there had been six hundred and four such failures between March 4 and September 4, 1893, and only one hundred and eighty-six between the same dates in 1897.

In spite of the great recovery that the election had brought to the country, and the fact that good crops were being harvested in most sections, Illinois was to have another opportunity to impose a depressing influence on the country.

In December, 1896, the National Bank of Illinois failed. This bank, established in 1871, was one of the oldest and best known in Chicago. It had successfully survived the Chicago Fire and the panics of 1873 and 1893, yet now, in a period of rapidly improving conditions, it was forced into the hands of a receiver through the speculative manipulations of William A. Hammond of Evanston, the bank's second vice-president. In volume of assets and liabilities involved this failure was the largest that had yet occurred in the history of the national banking system. The bank had an authorized capital of one million dollars, a surplus of like amount, and undivided profits amounting to $315,213. In all, its assets aggregated over fifteen million dollars. At the time of the failure liabilities to depositors and creditors, other than stockholders, exceeded twelve million dollars.

For a long time this institution had been considered an "honor roll" bank because it was one of the few with a surplus equal to its capital stock. Furthermore, its undivided profits account showed that it was making excellent progress toward its second million in surplus. For years the bank had paid dividends, usually of twelve per cent, and the last quarterly dividend of three per cent had been paid in the previous October. The statement call of October 6, 1896, had shown this to be the second largest national bank in Chicago.

George Schneider, president of a number of banking houses and one time president of the Chicago Clearing House Association, was the bank's president, but as he was growing old, he had gradually

relinquished his hold and put the affairs of the institution into the hands of Hammond, who had grown up with the bank and developed a general reputation for sound business judgment. Except for the fact that he was the only advocate of free silver among the executive officers of Chicago's banks, he was respected as a man of such qualities as befitted a conservative banker. Also, he was of good family. His father was the Reverend H. L. Hammond, who for years had been prominent in Congregational circles, and he was a nephew of Colonel Charles Hammond, general manager of the Burlington Railway. Personally, Hammond was supposed to have sound financial habits. He had worked his way from a small clerkship in the bank to a place where he owned one of the finest homes in Evanston. In fact, up to fifteen years before the failure, his habits had been worthy of the reputation he carried, but about that time he entered upon certain speculations, which were innocent enough in that at first they involved only the use of his own funds, but which in time developed to such an extent that it became necessary to resort to the funds of the bank.

In addition to Schneider and Hammond, the management of the bank was supposedly in the hands of Walter L. Peck, vice-president, and Carl Moll, cashier; while the directors were George E. Adams, Paul Juergens, William A. Hammond, Charles R. Corwith, Walter L. Peck, William D. Kerfoot, A. S. Campbell, Robert E. Jenkins, Silas B. Cobb, William R. Page, and George Schneider. These officers and directors, however, claimed that, like President Schneider, they had believed implicitly in the ability and integrity of Hammond and had therefore left things to his management, supposing that he was keeping them informed of such affairs as should be of interest to them.

When a statement call was made on October 6 the books had been so skillfully juggled that there was no indication of the fact that for years Hammond had been carrying on speculations and financing a number of concerns, chief among which was the Calumet Electric Street Railway, a line which had made important extensions until it had about seventy-five miles of track running through a territory not sufficiently settled to enable the line to produce enough revenue to meet its requirements. These loans, which in many cases far exceeded the lawful limit, were not recorded as such, but in order to deceive the bank examiner, had been concealed in other accounts. The statement read as follows:

RESOURCES		
Loans and discounts		$ 9,199,642
Overdrafts		31,904
U. S. Bonds against circulation—par value		50,000
Other bonds		181,200
Real estate		91,243
5% circulation redemption fund		2,250
Cash Resources:		
Cash	$2,489,325	
Due from banks	2,022,739	
Exchanges for Clearing House	469,137	
Due from U. S. Treasurer	2,000	4,983,202
Total		$14,539,442

LIABILITIES	
Capital stock paid in	$ 1,000,000
Surplus	1,000,000
Undivided profits	315,213
Nat'l bank notes outstanding	45,000
Dividends unpaid	3,462
Deposits	12,175,766
Total	$14,539,442

Upon examination in December, the bank examiner found that Hammond allowed large overdrafts on the part of the concerns in which he was interested and that, to avoid suspicion, he had been in the habit of transferring these to other accounts. Thus, his statements appeared good enough to deceive his directors, the public, and the bank examiner for many years. Once this discovery was made, the examiner brought it to the attention of the Chicago Clearing House Association of which the National Bank of Illinois was a member. A meeting was called to make an investigation and on Sunday night, December 20, the Clearing House Committee, much to the surprise of the financial interests of the city, adopted a resolution suspending the bank from all its privileges. The resolution read as follows:

"Whereas the attention of the committee has been lately called to the administration of the affairs of the National Bank of Illinois, and it now appears through statements made to this Committee by one of the vice-presidents of said bank and from the reports of the national bank examiner that by reason of unwarrantable and injudicious loans the capital and surplus of said bank are seriously imperiled, if not entirely lost. Now, therefore,

"Resolved, That under the powers conferred upon this Committee by the by-laws of the Clearing House Association of Chicago, it does hereby suspend said National Bank of Illinois from the privileges of membership in said Association to take effect immediately.

"Resolved, That the secretary of this Committee be and he is hereby instructed to send a copy of these resolutions to each member of the Association and to report the same at a general meeting of the Association to be held on Monday, December twenty-first, at 3:30 in the afternoon.

"In taking this action the Committee deems it proper to say:

"First—That the cash resources of the bank are within the requirements of the law, and if as a result of this action said bank should suspend payment and liquidate its liabilities, a large and speedy dividend will be available to creditors.

"Second—It is the declared opinion of the officers and directors of the bank that its resources are ample to pay all of its liabilities in full, one hundred cents on the dollar, and it is the opinion of the Committee that adjusted claims against said bank may be considered ample collateral security for loans at seventy-five per centum of their face value, and in event of liquidation by said bank we will recommend to the associated banks an arrangement whereby such loans may be made available to creditors of said bank as their convenience may require.

"Isaac G. Lombard,
"L. J. Gage,
"Orson Smith,
"C. J. Blair,
"E. G. Keith,
"Clearing House Committee."

In making his investigation the receiver found that the books had been so cleverly manipulated over so long a period of time that in order to trace doubtful transactions it became necessary to go back to the beginning of every account. In fact, even the most critical analysis of bank examiners failed to disclose the fact that enormous loans had been made without adequate security and in direct violation of the law. Among the bad loans the bank had made were:

Advanced on 2,850 $1,000 bonds of the Calumet Electric Railway	$2,475,000
Advanced to Robert Berger (son-in-law of Schneider)	500,000
Advanced to G. A. Weiss (son-in-law of Schneider)	500,000
Advanced to Angus & Gindele (Angus, relative to Schneider)	250,000
Other bad debts	818,000
Total	$4,543,000

Meantime, the bank examiner issued his report of the condition of the bank as of November 30, which read as follows:

RESOURCES	
Loans and discounts	$ 8,931,740
Overdrafts	83,907
U. S. bonds against circulation	50,000
Stocks, securities, claims, etc	181,200
Real estate and mortgages	91,243
Transit accounts	901,923
Due from approved reserve agents	416,863
Due from other national banks	929,754
Due from state banks	535,078
Interest paid	68,407
Cash short	147
Clearing-house difference	2,739
Bills of other national banks	75,986
Fractional paper currency, nickels and cents	861
Cash item	39,894
Specie	1,799,616
Legal tender notes	798,440
U. S. certificates of deposit for legal tender notes	135,000
5% redemption fund	2,256
Due from U. S. treasurer	20,000
Total	$15,046,992

LIABILITIES	
Capital stock paid in	$ 1,000,000
Surplus	1,000,000
Undivided profits	401,951
Dividends unpaid	120
Individual deposits	7,937,195
Due to other national banks	2,401,310
Due to state banks	2,261,415
Circulating notes on hand	45,000
Total	$15,046,992

Although at first it seemed that President Schneider's fondness for his relatives may have been, in part at least, the cause for the downfall of the bank, it developed upon further investigation that the real fault lay in Hammond's speculating and "kiting" with bank funds. Neither the president nor the directors were informed of the affairs of the bank and it is possible that Schneider was not even fully aware of the large loans made to his family.

The collapse of the bank was followed by that of a number of business concerns depending upon it for assistance, most prominent among which were the private banking firms of E. S. Dreyer and Company, and Wasmansdorf and Heinemann, and the Roseland Bank, a small suburban institution. The last, which was owned by Frederick Wiersema, had assets of seventy-five thousand dollars and deposits of about fifty thousand, and was in sufficiently strong position to reopen for business two days after its closing. E. S. Dreyer and Company was an old institution with a large German clientele. Its liabilities were reported at about $1,350,000 with but small assets. Although this house had a number of loans of long standing with the bank, the directors seem not to have known anything about them. This may have been due partly to the fact that Schneider's son-in-law, Berger, was a partner in the firm. Wasmansdorf and Heinemann was in fairly good condition at the time of its collapse, showing liabilities of $415,000 against assets of $550,000. Mr. Wasmansdorf was respected for his integrity and ability and the failure of his

A SPIRIT PICTURE OF A FREE-SILVER MAN
Sound money cartoon

COIN RIDING TO THE DEVIL
Sound money cartoon

house caused him such distress that within a week he committed suicide.

Since the Clearing House Association had definitely refused to help the National Bank of Illinois out of its difficulties, all other banks in Chicago stood in danger of having runs started on them. To avoid this and the panic which would result, the Comptroller of the Currency ordered publication of bank statements as of the close of business on December 17. As these statements showed that in fourteen national banks, including the larger ones of the city, there were deposits of $94,391,452 against $83,258,208 on October 6—the date of the previous statement—and that cash resources were more than fifty per cent of the deposits, whereas the law required only twenty-five per cent, the desired confidence was secured and there was little general disturbance in the city.

The assets of the failed institution brought something over seven million dollars. On the assessment of shareholders, less than nine hundred thousand dollars was realized instead of the million supposedly available. The receivership itself was not closed for ten years. In 1906 the Calumet Electric Railway was sold and it was not until that transaction was completed that the remaining assets of the bank were liquidated.

For a number of days after the failure Hammond assumed a confident and innocent attitude and was seen a great deal about town. Newspapers commented on his manner of appearing at his club for lunch, but pressure of both law and public opinion became too great and within a few days his body was found in Lake Michigan not far from his home in Evanston.

E. S. Dreyer, whose private banking house failed as a result of Hammond's manipulations, was indicted under the state laws for accepting a deposit after he knew his bank was insolvent. Some depositor, it is said, had hastened to the bank to put in his money and got there shortly after the doors had been closed. However, the doorman let him in and a teller accepted his money. As the bank did not open the next day, the institution was criminally liable and Dreyer remained in prison until 1905 as a consequence.

Since, in addition to staging the largest national bank failure in history, the month of December was also to be disturbed by the fact that Congress was still debating the Cuba question in a way which kept the United States in a constant state of pending war with

Spain, the year 1896 was to close in almost as unhappy a state as that in which it began.

In spite of the unpleasant national situation which in several respects had centered in Illinois, the state was enjoying unusually good crops and at the same time her large iron industry was beginning to mend. It may be said that with the opening of 1897 the long period of business depression was definitely ended and the upward swing, which was to continue for a decade in the country as a whole, had begun. That this movement was able to continue as it did was doubtless due in large part to further victories for sound money as well as to continued good crops and consequent unusual exports of merchandise. These things created a general spirit of confidence and provided a basis for increasing expansion. In this period bank clearings grew rapidly and Chicago definitely established herself in this regard as second only to New York.

The year 1898 found the country with a greater increase in its stock of gold than ever before known in all its history. The product for that year is believed to have exceeded even that of the richest period of California discoveries; imports surpassed, by as much as fifty per cent, the highest sum ever before reported by customs records, and these enormous receipts were offset only by an unimportant amount of exports. It was said at the time that never before had any commercial nation received such a mass of gold in a single year for the supply of its own requirements. Mining products and imports exceeded even those of England, which was the great distributing reservoir of gold for the world. It is doubtful if this situation could have occurred had there still been any doubt about the soundness of America's currency problem.

Nevertheless, it did not take much urging to make President McKinley attempt to secure an international agreement in favor of the greater use of silver as money. At the time this subject was being rather generally discussed in Europe, so it is possible that our government was justified in taking it up. The President sent a commission abroad which was pleasantly received in the capitals of Europe, but its efforts produced no responsive interest. Meantime, the failure of this mission had been assumed at home and so had no disagreeable effect on public sentiment.

By now Lyman J. Gage of Chicago had resigned his position as president of the First National Bank so that he might assume the duties of Secretary of the Treasury. In this new capacity, Mr. Gage

brought his years of experience and study to the solution of the national currency problems. At the time of the opening of the regular session of Congress in 1897 he submitted a complete plan, the purpose of which was to put the country squarely on a gold basis. In support of his efforts, the business interests of the nation assembled delegates at a convention in Indianapolis at which were present the ablest men in the country. One of the most noteworthy of them was Illinois' representative, J. Laurence Laughlin, the economist, with whose valuable aid the commission prepared a proposed law for currency and coinage reform, together with an academic discussion of the whole subject to be submitted to Congress and the public. This report, an octavo volume of six hundred pages, revealed a great deal of research. It contained many historical documents which were published in full for the first time, because of lack of printing facilities at the time of their origination, and on the whole was so valuable a volume that it has become one of the important reference books of the country. Throughout the year 1898 this was in preparation and ultimately led to the Act of 1900, which declared the gold dollar to be the standard unit of value and that all other forms of money issued or coined by the United States were to be maintained on a parity with it.

In addition to having Mr. Gage in the position of Secretary of the Treasury, Illinois also supplied the national government with another Comptroller of the Currency, this time in the person of Charles G. Dawes, later to become Vice-President of the nation, who entered the Comptrollership in 1898 upon the retirement of Mr. Eckels. Mr. Dawes also took an active part in currency reform and during his term of office—1898 to 1901—suggested a plan which some years later was to be incorporated in the principles of the Federal Reserve System. Mr. Dawes' plan was as follows:

"First—The existing bank-note system, based upon deposit of Government bonds as security, should not now be abandoned.

"Second—For the purpose of allowing elasticity to bank-note issues to protect the banks and the community in time of panic, a small amount of uncovered notes, in addition to the secured notes, should be authorized by law under the following limitations: They should be subjected to so heavy a tax that they could not be issued in normal times for the purpose of profit, but would be available in times of emergency. The tax should be so large upon the solvent issuing banks as to provide a fund which, in connection with the pro

rata share of the assets of an insolvent bank, would be sufficient to redeem the notes in full, without necessitating any preference of note holders over depositors of any insolvent issuing bank. The tax should be so large as to force this currency into retirement as soon as the emergency passes.

"Such a currency could be used only to lessen the evil effects of the too rapid liquidation of credits which are collapsing under a financial panic, but could not be profitably used as a basis of business speculation and inflation. It should be to the business community what the clearing house certificates are to our cities in times of panic —a remedy for an emergency, not an instrument of currency business."

Besides the constantly impending war with Spain, one other occurrence might have depressed business in 1898, and, indeed, it did bring a slight halt when there was an attempted revival of the silver issue. This, however, was quickly settled, for by this time the country had put itself definitely in favor of gold, and the silver party was in a hopeless minority with its weakness now most pronounced in its former strongholds—the agricultural sections of the west which had recently prospered so greatly from the high prices of wheat and other products such as had prevailed for the past two years. In fact, everywhere the month of December was unprecedented in history. Never before had bank clearings been so large nor the monthly stock and bond sales mounted so high, nor had iron production been on such an enormous scale.

The following April, war was declared with Spain, but it proved to be such a short-lived war and marked by such brilliant and overwhelming victories that its influence as a depressing agency quickly passed and instead it became a stimulus for the revival of trade. So the year 1899, like those which had preceded it, was characterized by continued good business. However, the expansion produced threw a large quantity of semi-speculative securities on the market as a result of which the public again began to show signs of lessened confidence.

Although Illinois had contributed the outstanding bank failures of the country to the general depression, still her failures on the whole were conspicuous rather than many. During the year following September 1, 1893, only four bank failures occurred in the state and all of these were of private banks; their assets aggregated $423,000 and liabilities amounted to $534,000. Between the years

1892 and 1899 there were only three failures of banks chartered under the Illinois State Banking Law, one of these occurring in each of the years 1896, 1897, and 1899. Since these institutions had now come to greatly outnumber the national banks of Illinois, it is probable that they had given satisfaction in more ways than the added departments allowed them which were denied to national banks. Deposits in these state banks had increased in a remarkable way in the decade between 1890 and 1900. In the aggregate they rose from $35,753,854 in December, 1890, to $153,514,436 on October 1, 1900, and there was an increase of more than one hundred per cent in deposits between the close of 1896 and the opening of the new century.

After the savings bank crash, building and loan associations found great popularity in the state, but during the long depression they suffered a marked decline, from which they later recovered to the extent of making Illinois one of the leading states in the Union in the number of such organizations.

Banking and business of the state were further aided when in 1897 there occurred a drought in France, a wet harvest in Russia, and floods in the Danube valley, all of which reduced the crops of these sections by approximately three million bushels in the aggregate. That same year the American crop was one hundred million bushels larger than in 1896 and sold at prices not realized by farmers for six years. Chicago, as the wheat trading center, was getting as much as a dollar a bushel. This great prosperity which came to the farmers was soon communicated to the nation as a whole and so Chicago, but recently the seat of depression, was now the center of nation-wide prosperity.

CHAPTER XVII

EARLY TWENTIETH CENTURY

Banking law of 1900—Revival of the silver party—Eventful year 1901 with the formation of the United States Steel Corporation—Stock Exchange panic—Crop failures and labor troubles—McKinley's death and break in copper market—Lyman J. Gage—Business in 1902—Corner in corn—Trust busting—Depression of 1903 and 1904—Democrats proclaim themselves in favor of the gold standard—Purchase of the National Bank of North America by the Continental National Bank of Chicago—Failure of the three Walsh banks—Comptrollers of the Currency supplied by Illinois—Development of anti-capitalistic sentiment—National Bank law amendment of 1906—Failure of the Milwaukee Avenue State Bank—Chicago convention of insurance commissioners—Liquidation of United States finance bills.

Largely through the efforts of Lyman J. Gage of Chicago during his term as Secretary of the Treasury, and the resulting report prepared by the commission appointed at the Indianapolis convention, in a single legislative measure, passed on March 14, 1900, there were included a number of reforms in the monetary system into which years of effort had gone. This new act directly encouraged the organization of banks in towns and villages by permitting national banks to have a capital stock of only twenty-five thousand dollars in communities with a population of not more than three thousand. Also, it provided that "the dollar consisting of twenty-five and eight-tenths grains of gold nine-tenths fine, as established by section thirty-five hundred and eleven of the Revised Statutes of the United States, shall be the standard unit of value, and all forms of money issued or coined by the United States shall be maintained at a parity of value with this standard and it shall be the duty of the Secretary of the Treasury to maintain such parity."

The first provision encouraged smaller banking institutions to incorporate under the national law to such an extent that between the date of the passage of the law and the end of October, 1902, sixty-six national banks were organized in Illinois of which forty-nine had a capital of less than fifty thousand dollars. Four of these were state banks reorganized under national charters. Also, during the first fourteen years in which the law was in operation, twenty-four

state banks either changed into national banking institutions or were consolidated with them.

The second provision was more difficult to carry out, for, as Secretary Gage showed in his report for December, 1900, the law did not provide any method by which the Secretary of the Treasury could maintain a parity of all forms of money issued or coined by the United States with the standard gold dollar. At the same time the Secretary again pointed out the need of an elastic currency and once more brought forth his contention that America needed a federated system of banks, one of the chief functions of which should be the issue of currency in proportion to public demand. Mr. Gage had long been opposed to the system of greenbacks and now hoped that, through the reforms he suggested, an ample paper currency might be secured which would not only prove safe to the holder but also expand and contract in sympathy with business needs.

Mr. Gage's reforms in this regard had not been incorporated in the law of 1900 and it was to be some years before they were to be put into general effect. However, the Act of 1900 did make the issue of bank notes more profitable to the national banks than previously had been the case, and as a result, between February 13, 1900, and August 22, 1907, this note circulation rose from $204,900,000 to $551,000,000. Thus, nearly $350,000,000 was provided to meet the needs for money and to supply reserve requirements of state banks and trust companies. Furthermore, this additional paper currency enabled the national banks to secure and retain a larger proportion of other money than formerly. Consequently, the cash holdings of national banks throughout the country increased from $388,900,000 on October 5, 1897, to $701,600,000 on October 22, 1907. This was enough to enable these banks almost to double their productive investments without diminishing the ratio of cash to deposits.

In Illinois the amount of bank notes in circulation practically doubled in a single year, increasing from seven million dollars in 1899 to more than thirteen million in 1900. This increase, however, was not quite so large as was the rate for the country as a whole.

The passage of the Currency Law was doubtless the most important event occurring in the year 1900, but one which for a time gave promise of an equally important effect on the financial affairs of the nation, was the revival of the silver party. Five days after the passage of the law, Bryan met his Democratic-Populist party in convention in Nebraska and declared for the free and unlimited coinage of silver and the substitution of greenbacks for national bank

notes. In the presidential campaign of that year Bryan was again nominated and again ran on the silver platform. This aroused a great deal of fear lest the silver advocates be able to upset financial affairs as they had done in 1896, but by this time the country as a whole was so prosperous as soon to make it plain that the arguments of the silver men did not hold sufficient conviction to uproot the established gold standard. Furthermore, the general platform of the Democratic party had been so revised that the sound money Democrats were willing to go back into it, and Bryan stood pretty much alone in his interpretation of that platform as standing for the "free and unlimited coinage of silver." The re-election of McKinley by a majority largely increased over that of the previous election, was accepted by the nation as indorsing and confirming the action of Congress in adopting the gold standard by the Act of March 14, 1900.

On the whole the year 1900 was progressive, with a large volume of trade. In many lines commerce even surpassed that of 1899 which, up to that time, had been the largest trade year in the history of the country. Up to 1900 the United States had frequently looked to Europe for financial assistance, but now the bankers of our country reversed this position for the first time and floated large European loans here. At the same time there occurred a marked reaction in commodity prices, so decided, in fact, as to appear to the careless observer to be a period of trade depression.

About this time throughout the commercial and banking world there was evidenced a tendency toward consolidation. In banking, however, the law prevented the elimination of small institutions with limited capital, even in the largest cities, through the prohibition of branch banking. This avoided a tendency toward the establishment of great central institutions such as were developing in other business corporations.

The year 1901 was one of the most eventful so far experienced in the history of the country. During that year there occurred six outstanding events, all but one of which were influences of so depressing a nature that, had it not been for the good effect of the law of 1900, disaster must have befallen the confidence and finances of the country.

The only important occurrence not of a depressing nature was the formation of the United States Steel Corporation through a combination of the leading iron and steel properties of the United States. This became the first billion dollar corporation in the country and

was to play an important part in the subsequent business development of the state of Illinois.

The five depressing influences were as follows:

1. On May 3, 1901, there occurred a stock-market panic in New York in which price increases that had accumulated over a period of many weeks were wiped out within a half hour. The consequent losses—particularly to speculators—were enormous. This panic, which kept pretty well to the Stock Exchange, was caused in large part by the influence of a corner in the stock of the Northern Pacific Railroad, the shares of which rose in price from one hundred to one thousand dollars each during the course of the trouble. Furthermore, the operation of this corner had brought about a fundamental weakness in conditions through the apprehension created by the various moves of antagonistic capitalists, which were interpreted as meaning that not only were the dominant railway interests of the country not working in harmony, but they were actually engaged in a bitter contest.

2. The summer was one of unusually great heat and drought resulting in the worst failures of the corn crop on record.

3. The steel workers staged a great strike lasting from July 1 to September 15. This came about over the question of whether or not the new Amalgamated Association should be allowed to extend its authority over the non-union mills. Also, in the month of May, there began a strike of machinists for a nine-hour day at the same pay as had been received for ten hours. Generally, this strike ended in July, but in Chicago at the plant of the Allis-Chalmers Company, it lasted until the end of the year.

4. President McKinley died as a result of a shot received at the hands of an assassin while present at a reception at the Pan-American Exposition in Buffalo on September 6. The day after the shooting the markets of the country declined and there were everywhere signs of an approaching panic. Later, however, the President rallied and conditions improved. When he died on September 14, another depression occurred which, however, because of the fundamental strength of conditions, did not on the whole last for long.

5. In an attempt to keep up the price of copper, the Amalgamated Copper Company put forth unwise efforts resulting in the importation of a supply of less expensive metal. This lower-priced material soon flooded the market and brought a break both in the metal market and in copper stocks.

Financial journals of the time indicate that the currency reform, which was in large part responsible for the excellent manner in which the country met the difficulties of 1901, was due in many respects to the efforts of Secretary Lyman J. Gage of Chicago. The New York Commercial and Financial Chronicle of December 7, 1901, said of Mr. Gage:

"It is always a pleasure to take up one of Secretary Gage's addresses or reports. His name is the synonym of sound money, as he became a member of President McKinley's first cabinet at a time when a man of character and broadminded opinions on currency questions was needed to steady the popular mind and afford assurance that the stability of our money standard would be a foremost object of the Administration's policy. Since the announcement of his appointment was made, a sense of security has pervaded financial circles. And, although the monetary legislation desired was deferred longer than had been anticipated, the continuance of Secretary Gage in the Administration was accepted as a belief that the needed laws would be passed, as in due time they were."

After the death of President McKinley, Mr. Roosevelt reappointed Mr. Gage to his cabinet, but the Secretary of the Treasury offered his resignation in December, 1901.

The beginning of the year 1902 showed an even greater development than had been evidenced in 1901. In fact, the volume of business transacted exceeded that of any other year in the history of the country. The iron and steel industries, always a barometer of business conditions, surpassed their highest previous totals and bank clearings and railroad earnings were likewise at exceedingly high levels.

In July a group, presumed to have been connected with the firm of Harris, Gates and Company, took advantage of a short supply of corn resulting from the previous season's deficient harvests, and cornered the grain on the Chicago market. On the eighth the price touched ninety cents, almost fifteen cents more than the price for wheat on the same market and twenty and one-half cents above the price for corn in New York at the same time. This situation had the effect of attracting an unexpectedly large supply of corn to Chicago; some of that shipped east was even returned, and on the fifteenth the price suddenly dropped from eighty-one to sixty-five and one-quarter and by the end of the month it had gone as low as fifty-five cents.

In November there occurred a serious liquidation on the New York Stock Exchange which was probably the first of a series of declines, each resulting in a lower level of general markets and continuing throughout the year 1903. That year marked the culmination of the long period of prosperity begun in the triumph of sound money back in 1896. The first decline was in all probability the direct result of a siege of "trust busting" which had seized the country. About this time unusual efforts were being made to break up the Northern Securities Company, a holding company organized for the purpose of taking over a controlling interest in the stocks of the Northern Pacific and the Great Northern Railway companies. The affairs of this company were taken through the courts in an effort to decide whether or not the combination involved a violation of the Sherman Anti-trust Law of 1890. It was finally decided that the company had violated the law and was therefore restrained from exercising any rights of control over the stock of the two railroads. This, however, did not end the controversy, for immediately the decision was widely criticized on the ground that it construed the Sherman Law in such a way as to make any combination of competing companies illegal, irrespective of whether or not that combination proved to be harmful or in restraint of trade. While this decision was not reversed in the case of the Northern Securities Company, criticism was sufficiently convincing to modify the construction of the law in later decisions of a similar nature.

Since this controversy involved two very important railroad companies, so depressing an effect was exercised on business conditions as to all but bring on a panic. In fact, it is doubtful if the threatened disaster could have been avoided but for the fact that great private resources were assembled and a consequent degree of temporary peace attained.

The year 1903 was not to be so fortunate in avoiding difficulties. In that year "trust busting" became so extreme that business everywhere took fright, believing itself to be bullied rather than soundly regulated, and great failures on the Stock Exchange resulted. These eventually brought on the stock market panic of 1904 known as the "silent panic," which was unique in that while, as a result of a large amount of speculation, the speculators themselves lost heavily, the subsequent relapse did not bring on a general panic and only a very few failures occurred such as took place in the first quarter of the year. No railroad of any importance went into a receiver's hands

and only a comparatively few individuals failed, in spite of the fact that never before had there been such a shrinkage in values in so short a time on good properties. The remainder of the year 1904 definitely left off the downward trend started in 1903 and conditions started to improve. They soon became so sound fundamentally that even the outbreak of hostilities between the Russians and the Japanese, which began in February and continued throughout the year, frequently threatening world-wide complications, together with the fact that 1904 was an election year—a situation which never has been conducive to good business—did not halt the steady trend toward prosperity.

That the silver controversy had been settled beyond dispute was made plain when the Democratic Convention at St. Louis nominated Alton B. Parker of New York for President, and Mr. Parker accepted the nomination only on condition it be understood that the party definitely pledge itself to maintain the gold standard.

Possibly as a result of the worry depressed conditions earlier in the year had produced, there was developed a sprit of caution which in some instances amounted to suspicion. Consequently, on occasions prominent men were at times the innocent victims of false accusations.

In October, 1904, the president of the National Bank of North America, a strong, downtown institution in Chicago which had been in operation for the previous two years, was accused of arson. This accusation, although the man was later acquitted, was sufficiently serious to arouse suspicion as to the standing of his bank and quick action had to be taken to avoid a run.

B. A. Eckhart, then vice-president and chairman of the board of directors, immediately approached some of the larger banking institutions of the city to effect a consolidation. Before the news of the charge brought against the president of the National Bank of North America had become public, the Continental National Bank of Chicago had agreed to purchase the assets of the National Bank of North America and had moved its effects into the banking rooms of the Continental National Bank.

The machinery for liquidation was set into operation at once and was so effective that at the end of five months stockholders, who at the time of the consolidation had held shares quoted at $125 each, were paid $145.25, and the total cost of liquidation had been but one-fourth of one per cent. Never before nor since has there occurred

a bank liquidation in the city of Chicago which has been completed in so short a time or at so small an expense. Furthermore, everything was accomplished in such a satisfactory way that the Continental National Bank held almost ninety-five per cent of the depositors of the liquidated institution.

During these years Illinois contributed few events sufficiently unusual to attract the attention of the financial interests of the nation. Her affairs in general followed those of the country as a whole, and she shared in the general prosperity and the slight collapse of 1904 along with other states. In 1905, however, attention was drawn to Chicago through the failure of three prominent banks at a time when conditions as a whole did not warrant the occurrence of financial disasters.

Toward the middle of December, Charles H. Bosworth, the national bank examiner, who had made arrangements with the state banking department for simultaneous examinations of the three Chicago institutions under the management of John R. Walsh of that city, found that each of these banks had made unusually large loans to a number of interests under the control of Mr. Walsh. This situation appeared to be sufficiently serious to cause Comptroller of the Currency Ridgely on December 14 to follow the course suggested for such emergencies by the Chicago Clearing House in its resolution of April 12, 1876, so he informed that body that in his estimation the Chicago National Bank was in a precarious condition.

John R. Walsh, president of the bank, was identified on a large scale with a great many enterprises. He had started with little or nothing and raised himself to a point where he was one of Chicago's richest and most respected citizens. In addition to the Chicago National Bank and a number of commercial enterprises, Mr. Walsh also controlled the Equitable Trust Company and the Home Savings Bank of Chicago.

Of these three institutions, only the Chicago National Bank came under the jurisdiction of the Comptroller of the Currency. Mr. Ridgely had noticed for some time that, while the bank was not making strictly illegal loans, it nevertheless was permitting an unduly large proportion of the resources to go into interests entirely or chiefly under the control of Walsh. There had been a general suspicion that Walsh had been "kiting" assets from one bank to another, so as to prevent national and state bank examiners from finding the

true condition of any one of the three banks, and this suspicion had become so strong some two years before that William A. Heath, one of the state bank examiners, had taken the trouble to approach the national examiner, Bosworth's predecessor, with the proposal that they arrange to conduct a simultaneous examination in order to reveal any unethical practices. This proposal was met with opposition, which was not surprising since John R. Walsh was a power in the Democratic political camps, and Fred Blount, one of his bank officers, was at the same time powerful in Republican circles. Consequently, any action to the detriment of Mr. Walsh or his organization on the part of the Comptroller of the Currency or the state banking department might be expected to produce an unpleasant reaction. Especially was this probable since neither the Comptroller of the Currency nor the state banking department had any tangible fact upon which to base such action. Nevertheless, arrangements were made to check the assets of the national bank against a list of those held by two state institutions, but as this check showed very definitely that there had been no illegal transfer of securities or other assets, the matter was dropped for the time being.

Suspicions generally were roused again in June, 1905. This time the tables were turned from the standpoints of the state and national banking departments. Either because of more definite information of inside conditions, or because of an apprehension of the consequences of a failure to heed the warnings—or probably on both accounts—Comptroller Ridgely approached the Illinois state banking authorities with a proposition not far different from the one they had previously made him. By now William A. Heath, who had been state bank examiner in 1903, had retired in order to assume the presidency of one of the prominent banks in Chicago. The national bank examiner at this time was Charles H. Bosworth of Chicago, formerly connected with one of the Walsh organizations, who believed that he had reason to know that a thorough investigation was necessary. It was, in fact, as a result of Mr. Bosworth's report that the Comptroller of the Currency made his effort to secure the simultaneous examination of the three banks. It was now the turn of the state banking department, probably for political reasons, to hesitate to give the necessary coöperation, and so the Comptroller was forced to be content with one more independent examination. After its completion, Mr. Ridgely was more than ever convinced that it was absolutely necessary to secure a simultaneous investigation, and carry-

ing out negotiations with the state banking department to that end, he succeeded in securing its coöperation on December 9, 1905.

While this joint examination disclosed no transfers of assets from one bank to another for the purpose of deceiving the examiner, no shortage of cash and securities, or manipulation of accounts, it did reveal that in addition to the large loans made the Walsh interests by the national bank, the other two had made loans to the same companies in even larger proportion. It was learned that the total estimated assets, deposit liabilities, and so-called Walsh securities in each of the three institutions were as follows:

Estimated Value of Total Assets:	
Chicago National Bank	$16,943,000
Home Savings Bank	2,883,000
Equitable Trust Company	3,384,000
Total	$23,210,000
Estimated Value of Total Deposit Liabilities:	
Chicago National Bank	$18,223,000
Home Savings Bank	4,295,000
Equitable Trust Company	4,272,000
Total	$26,790,000
Estimated Value of Assets in So-called Walsh Securities:	
Chicago National Bank	$3,075,000
Home Savings Bank	2,089,000
Equitable Trust Company	1,039,000
Total	$6,203,000

Total loans of the three institutions, including those to companies not mainly controlled by Walsh, amounted to between fifteen and sixteen million dollars, of which the Home Savings Bank held some $3,836,000 and the Equitable Trust Company $4,250,000.

Although there seemed to be little doubt that Mr. Walsh could have managed the amount of his indebtedness to the national bank alone, the situation was rendered critical by the fact that practically all the funds of the two state banks had likewise been loaned to his interests—either directly or indirectly—so that in the event of any sudden demand made upon either of the state banks, these would draw

upon the national bank for funds. At the time of the examination the trust company had only about $5,500 in cash and the Home Savings Bank approximately $12,000. Together, these two had on deposit with the Chicago National Bank some $183,000.

Just as soon as this situation was brought to light, the state authorities were unwilling that the two state banks continue in business unless something were done at once to strengthen their condition. Since to close the state banks would obviously result in a run on the Chicago National Bank, the Comptroller of the Currency realized that something must also be done by him immediately. Therefore, after a conference with the bank examiner, he gave instructions on December 14, 1905, that no action be taken until after the close of business at noon the following Saturday, when the time locks had been set on the vaults so that they could not be opened before Monday. Also, he instructed the examiner to call a meeting of the Clearing House Association at that time for the purpose of advising that organization of the state of affairs of the Chicago National Bank. Meanwhile, the Comptroller, Mr. Ridgely, left Washington, reaching Chicago on Sunday, December 17, so that he might attend to affairs in person and arrange a conference with Mr. Walsh and the directors of his bank, together with the attorneys for the Clearing House Association, and the national and state bank examiners.

This conference started at ten o'clock on Sunday morning, December 17, 1905, and did not break up until seven o'clock the following morning. The Comptroller insisted that he would not permit the Chicago National Bank to open on Monday unless some satisfactory arrangement could be perfected which would insure full payment of all demands that might be made by creditors. To see what was possible in this regard, the membership of the Chicago Clearing House Association was called into the conference at two-thirty o'clock on Monday morning. These bankers, who had been kept in a state of great anxiety since Saturday afternoon, hurried to the meeting place and when they were assembled it was seen that every member bank but one was represented and likewise most of the affiliated banks. The whole situation was laid before these men. They were shown that among the assets of the Chicago National Bank there were ten memorandum notes of ninety-two thousand dollars each, totaling $920,000, against which was held as collateral one million dollars, face value, of Wisconsin-Michigan Railway bonds. These bonds were only a second mortgage on a road controlled by Mr. Walsh and later

events showed that as collateral they were worthless. In fact, even the first mortgage bonds of this same road, which were held among the assets of the three banks, were later disposed of at about twenty-three cents on the dollar.

Furthermore, there were nineteen notes, also for ninety-two thousand dollars each, amounting in all to $1,748,000, against which as collateral there were held $1,900,000 in Illinois Southern Railway bonds.

These memorandum notes did not, on the face of them, even pretend to be the obligations of bona fide borrowers. Although the signatures were in different names, they were all in one handwriting and there was written plainly across their face in red ink the words "Memorandum Note." It seems that nowhere in these transactions had Mr. Walsh meant to deceive anybody. He seems rather to have been over-confident of his own ability to make money and had planned that, by promoting his interests with the money of the banks, nobody would be harmed and he would soon become exceedingly wealthy.

As a result of this meeting and the demands made by the Comptroller of the Currency, an agreement in writing was made between the bank and the Clearing House Association—which then represented thirty-four banks in Chicago—whereby the Clearing House banks were to purchase all the assets, except the cash and exchange items, of the three Walsh banks, namely, the Chicago National Bank, the Home Savings Bank, and the Equitable Trust Company, and obtain partial security through the guarantee of the directors.

Mr. Frederick H. Rawson, President of the Union Trust Company, was among a group of prominent bankers and business men who were called into the conference at about two o'clock on Sunday afternoon. These men continued in session until early the following morning and it was decided among them that, since the clearing house banks of the city would take over the assets of the three Walsh institutions, press notices must be handled with great tact to avoid any unnecessary disturbance. Consequently it was agreed that certain men present give the news—carefully prepared—to each of the papers. These men, however, were so slow about deciding just how they would say what they had to offer that Mr. Rawson grew nervous. The meeting was being held on the third floor of the First National Bank Building and it could be seen that across the street the morning Tribune was already leaving the presses.

Therefore, Mr. Rawson approached James B. Forgan and called his attention to things going on at the newspaper office. Immediately Mr. Forgan assigned the Tribune to Mr. Rawson who ran across the street without even stopping for his hat. It was then about three o'clock in the morning and as Mr. Rawson entered the Tribune doorway, he met its editor, James Keeley, leaving for the night. Assuming that Mr. Rawson had been out to a gay party, Mr. Keeley attempted to calm him and get him started home, but he soon learned that the banker was there with an important news story. The two men repaired to the editor's office, but before the banker had time to say more than that the three Walsh banks would not open that morning, Mr. Keeley dashed out of the room and fairly fell down the three flights of stairs to the presses. Mr. Rawson followed as fast as he could and when he reached the basement he found the editor already there and mounted on a bridge above the machines, madly calling to his chief pressman to stop those presses. "Burn every paper," he shouted, "we shall have a new edition." Then he hurried about sending messengers here and there to roust out the typesetters who had already left for the night. The editor himself hurried to the composing room and personally directed the re-making of the front page of the Tribune from copy which he had scrawled in an enormous hand with a big black pencil as Mr. Rawson told the story. In a short time after Mr. Rawson left the Tribune office a new front page had been made carrying large headings and about a half column of text on the Walsh failure. Thus was conveyed to the people of Chicago the first inkling of any difficulty with John R. Walsh whom many regarded as a bulwark of financial strength. Even some of the bankers, it is said, were stunned by this failure.

It is quite probable that the clearing house banks in taking over these assets saved the financial situation and protected themselves against disastrous runs on their own institutions. As a matter of fact the ultimate result was the distribution of a loss of $3,698,201 among the members of the Chicago Clearing House Association and its affiliated banks. This is plainly shown in the statement of James B. Forgan, head of the First Trust and Savings Bank of Chicago which was appointed agent to receive and liquidate these assets under the direction of the clearing house committee. In an address which he made before the Bankers' Club at Detroit on December 7, 1912, Mr. Forgan said in part:

"Business conditions were strained and the time was, therefore,

particularly unfavorable for permitting the failure of three prominent banks. The effects of such a calamity, it was feared, would have extended far beyond the confines of Chicago.

"With but a superficial statement from the president of the condition of his various ventures, some of which were in course of construction, and with only a vague knowledge of the realizable value of their obligations, the clearing house committee hurriedly made a tentative estimate of the realizable value of the assets of the three banks and of the deficiency in them to meet their deposit liabilities. These estimates have since proved remarkably near the final outcome. To prevent a panic the remaining Chicago banks, facing an inevitable heavy loss, assumed the deposit liabilities of the three banks and took over their assets under a limited guaranty of the directors. This action, besides providing for payment to the depositors in full, relieved the bondsmen of their responsibility for the $8,200,000 of public funds in the bank and the shareholders of their double liability on their stock. These three classes of vitally interested individuals will probably never fully appreciate what the action of the associated banks meant for them. Subsequent developments have shown that liquidation of the assets of the three banks, plus the double liability of their shareholders, had it been collected, would have been insufficient to pay their deposit liabilities.

"The situation was thus protected from a general disturbance of public confidence, but it was done at the cost of a very heavy loss, foreseen at the time and since realized by the participating banks."

It was agreed that the Chicago Clearing House Association would undertake the payment of all demands of depositors, including the public treasury, more funds from which were held in the three Walsh banks than in all others in the city combined, and consequently the newspapers of the city were given a large display advertisement which read:

TO THE PUBLIC

Depositors of the Chicago National Bank, Home Savings Bank, and Equitable Trust Company are respectfully advised that their deposits will be paid in full upon demand.

Clearing House Committee of the Chicago Associated Banks

When the banks opened on Monday morning, December 18, since the papers had already carried the news of Walsh's failure, for a short time there were indications that a panic might result. However, the prompt action of the Clearing House Association, through which no depositor was denied the full amount of his deposits with any of the three banks, promptly restored confidence and prevented a run on other banks such as doubtless would have otherwise occurred. On the first day depositors drew over two and three-quarter million dollars from the three institutions, but confidence had so far been restored on the second day that with the exception of a half million withdrawn from the Home Savings Bank, chiefly by working people who carried small accounts there, withdrawals from the three institutions consisted largely in checks which passed through the clearing house. In all, these amounted to about five million dollars.

It is interesting to note that the eight million dollars of public deposits in all the Walsh banks represented at least four million more than was held by any other Chicago banking institution. This may have been due in part to the great political influence of John R. Walsh in the community, but was doubtless also due to some extent to the great respect in which he was held everywhere because of his constructive influence in creating and developing large commercial and semi-public corporations. A partial list of those in which he is credited with having an interest includes: The Akron Gas Company, Audit Company of Illinois, Bedford Quarries Company, Chicago Auditorium Association, Chicago Safe Deposit Company, Illinois Southern Railway Company, North Shore Electric Company, Northwestern Gas Light and Coke Company, Ogden Gas Company, Southern Indiana Railway Company, Southern Indiana Express Company, Rand McNally and Company, Wisconsin-Michigan Railway Company, Chicago Southern Railway Company, Chicago Wharfing and Storage Company, Bedford Belt Railway Company, Indiana Southern Coal Company, Southern Indiana Coal Company (these last two were subsequently merged to form the Alliance Coal Company), Cicero Gas Company, Peoria Gas and Electric Company, Mount Olive and Stanton Coal Company, Chicago Ball Club, Evanston Heating Company, Ohio Quarries Company, Litchfield and Madison Railway Company, and Eastern Illinois Coal Company.

Mr. Walsh was a director in a large number of these organizations and served several of the corporations as president. Among the lat-

(From Andreas' History of Chicago)

JOHN R. WALSH'S FIRST PLACE OF BUSINESS IN CHICAGO

ter were the Akron Gas Company, Bedford Quarries Company, and the Southern Indiana Railway Company. He was a vice-president of the Northwestern Gas, Light and Coke Company.

That these companies were founded on a firm and stable basis and were real contributions to their communities, is indicated by the large number of them still in existence. Some, which have not continued their independent existence, have been absorbed by larger companies. Such has been the case with the Ogden Gas Company, which in 1907 was bought by the Peoples' Gas, Light and Coke Company of Chicago; the Northwestern Gas, Light and Coke Company; North Shore Gas Company, and Cicero Gas Company, all of which have been taken over by the Public Service Company of Northern Illinois; and the Peoria Gas and Electric Company, which became a part of the Commonwealth Power, Railway and Light Company.

In addition to his banking, industrial, and public service operations, Mr. Walsh was a prominent factor in newspaper circles in Chicago. It was through his efforts and financial backing that a number of the more prominent and respected journals of the city were established. He was the financial backer and principal founder of the Chicago Herald and owned the Herald Building. In 1890 he founded the Chicago Evening Post and secured John W. Scott, a very capable newspaper man, to act as publisher of both papers. In 1895 Mr. Scott brought about a consolidation of the Chicago Times—a Democratic paper owned by the estate of Carter Harrison, World's Fair Mayor of Chicago—and the Herald, under the name of the Times-Herald. Within a few weeks Mr. Scott, who controlled the newspaper, died, and his estate sold both the Times-Herald and the Chicago Evening Post to Herman H. Kohlsaat of Chicago, Mr. Walsh retaining ownership of the Herald Building at 160 West Washington Street.

Mr. Walsh had always been an ardent Democrat. His convictions were plainly evidenced in the Times-Herald which admitted itself to be a partisan paper, and they were somewhat less pronounced, but nevertheless present, in the Chicago Evening Post which attempted to be strictly non-partisan. Mr. Kohlsaat, on the other hand, was as strongly Republican as Mr. Walsh had been Democratic. As soon as Mr. Kohlsaat acquired the two newspapers, the policy of the Times-Herald was immediately shifted from Democratic to Republican, while the Chicago Evening Post continued indifferent but with Republican rather than Democratic leanings in

its attitude. This situation, naturally, was not especially to Mr. Walsh's liking, as it left the city without an adequate medium for Democratic political propaganda. Therefore, in order to give Chicago a Democratic morning paper, he founded the Chicago Chronicle, and installed as editors Martin J. Russell and Horatio Seymour, his former lieutenants on the Chicago Herald.

The Chronicle quickly took the place among Chicago newspapers that Mr. Walsh had hoped for it. It became one of his favorite enterprises, so much so, in fact, that when his banks failed and he faced a term in prison as a result, he preferred to forego the financial benefits from a sale rather than sell his paper to the Hearst interests. Instead, he simply ceased publication and forfeited the Associated Press franchise.

It is to be expected that a man who had made so many contributions to the economic development of his community would retain a large number of friends, even after his operations had resulted in the downfall of three prominent banks and the destruction of a number of private fortunes, and Walsh did have such friends in abundant number. Newspaper articles denouncing his villainy were run side by side with columns singing his high praises. Time and again the charge was made that the downfall of the Walsh banks had been due to outside jealousies on the part of less successful competitors rather than to bad banking within. Investigation, however, has shown that there was little foundation for these unkind charges made against competing business men. Walsh's failure seems rather to have been due to over-reaching.

On Tuesday, December 19, the second day on which the Walsh banks had been in the hands of the Clearing House Association, the Chicago Tribune summed up the situation in one of McCutcheon's cartoons, displaying the banks of Chicago firmly intrenched on the Rock of Gibraltar and near them a sign which read: "Deposits will be paid at any time between ten and three. All we ask is time to count the money."

Thus, because of the wise course followed by Comptroller Ridgely and the Chicago Clearing House Association, the failure of three important banks in Chicago created scarcely a ripple in the economic life of the city. Every creditor of these three institutions was paid in full, promptly and without serious consequences or embarrassments. Nevertheless, Mr. Ridgely was severely criticized, first, for having permitted the Walsh situation to continue for so long before

corrective measures were taken, and next, because it was believed by some that his action in permitting the clearing house banks to enter into an agreement with Mr. Walsh and the directors of his bank was not legal. As to the first criticism, it will be recalled that as soon as these excessive loans became known, the Comptroller did everything in his power, not only to have them reduced, but also to make sure that they really did exceed the legal limit. In this regard one must take into consideration the limitations which the National Banking Act placed on the supervision of the government. It did not consider as bad, an obligation due a bank until interest had been past due for six months, and not even then if such interest could be secured at that time or was in the process of collection. Also, no matter how certain the Comptroller might feel that a bank was insolvent he was hampered in appointing a receiver by the legal definition of insolvency—the "inability to pay current debts as they mature." He was still further hindered in action by the fact that the report of a national bank may be ever so erroneous as to actual values, provided only that it be in accordance with the bank's books. So, even though the Comptroller received five reports a year from a bank, if its books were kept dishonestly but the report agreed with them, he was helpless to do anything about it.

As to the criticism that Mr. Ridgely had acted illegally in permitting the agreement made with Mr. Walsh and his directors by the clearing house banks, it will be remembered that, since the situation was critical and involved not only the financial safety of the other banking institutions in Chicago but those of the whole nation as well, quick action was imperative. Consequently, the Comptroller was probably justified in his belief that the national banks of Chicago had a legal right to purchase their pro rata share of the assets of the failed institutions. The only possible legal question to be raised, as Mr. Ridgely saw it, was the chance that the pro rata share in some instances might exceed the legal limit for the size of a loan. In view of the gravity of the situation, however, this question did not appeal either to the Comptroller or to the banks in question as one to be regarded too strictly. All in all, Mr. Ridgely seems to have pursued the wisest possible course available, and it is the opinion of many that under the circumstances he could not have done better and that Illinois should have been proud to own him as her contribution to the Comptroller's office.

John R. Walsh was indicted for misapplication of funds of the

national bank and other violations of the law. He went on trial in November, 1907, and was found guilty on January 19, 1908. For nearly two years thereafter he struggled to have the verdict set aside. He made appeal to a higher court and then to the Supreme Court of the United States, but all without the desired result, and he was sentenced to serve a term of five years in Leavenworth. Mr. Walsh entered upon his term of imprisonment in January, 1910, but after about a year and nine months he was paroled because of failing health and died in Chicago on October 23, 1911, just nine days after his release. At the time of his death Mr. Walsh was seventy-four years old.

For almost two years after the failure, the First Trust and Savings Bank continued to act as agent for the clearing house banks, in accordance with the appointment made at the time of the catastrophe. Then it was found to the advantage of the association to sell to John R. Walsh and Company certain of the securities in order to facilitate their liquidation, and in return to accept the promissory note of that company secured by the assets purchased and guaranteed by the directors of the Chicago National Bank. All remaining assets were retained by the associated banks, and continued to be administered by the First Trust and Savings Bank. The banks were given participation certificates representing their pro rata share of these assets. The certificates were issued in two series, one representing the interest in the assets covered by the promissory note of John R. Walsh and Company and the other the interest in other assets. Until 1910 affairs remained in this condition, and then a ten per cent dividend was declared on both series and a settlement arranged with John R. Walsh and Company, whereby the assets purchased in 1907 were recovered by the banks and the note cancelled. This settlement included the release of the directors of the Chicago National Bank from their individual guarantee, provided they transfer certain of their personal assets to the First Trust and Savings Bank as trustee for the benefit of the associated banks. At this point the participation certificates were called in and a new series issued bearing the date February 1, 1910. These aggregated about nine million dollars and represented the remaining interest of the clearing house banks in the Chicago National Bank.

In connection with this failure it is interesting to note the great part Illinois had played in the administration of the Comptroller's office. At the meeting of December 17, 1905, which closed the af-

Edward S. Lacey

Charles G. Dawes

James H. Eckels

William B. Ridgely

COMPTROLLERS

fairs of the Walsh banks as such, there were present three ex-Comptrollers, Messrs. E. S. Lacey, J. H. Eckels, and C. G. Dawes, each of whom was then a president of a banking institution in Chicago—Mr. Lacey of the Bankers National Bank, Mr. Eckels of the Commercial National Bank, and Mr. Dawes of the Central Trust Company. Mr. Ridgely, under whom the investigation was made, was also an Illinois man, born in Springfield, where he served as postmaster for some time and then went to Chicago as secretary and vice-president of the Republic Iron and Steel Company.

Since the Walsh failure was one of the very few of any consequence in the entire country, the year 1905 as a whole was one of sustained prosperity with business activity a dominant feature throughout. The confidence established in 1904 after the successful termination of the difficulties of 1903, continued to develop until trade and business in 1905 were larger than ever before in the history of the country.

Even labor troubles were noticeably lacking. Practically the only strike of any proportions occurring in the country was that of the teamsters in Chicago. This began on April 7 and lasted until some time in July. These weeks witnessed many scenes of great disorder and rioting but, as a final outcome, the men were forced to abandon their stand without gaining anything.

The stock market buoyancy, begun in 1904, continued and developed until there was reached a state of unrestrained optimism with a resulting enormous volume of business and price advances which in many instances were greater than ever before.

This same prosperity and optimism continued in 1906 and, like 1905, that year also was sufficiently prosperous to ignore any unfavorable developments. Even the San Francisco earthquake and fire of April 18, which destroyed some twenty-five thousand buildings including most of the banking offices, and resulted in a total property loss of three hundred and fifty million dollars which because of insurance payments was spread throughout the country, failed to bring about anything like the financial catastrophe that such a loss might lead one to expect. However, it came at a time when money was already rather tight and, consequently, the Secretary of the Treasury found it necessary to take immediate steps for the importation of additional gold. Also, he permitted the banks to count money in transit as reserve and he put forth additional gov-

ernment deposits of bonds as security to the importing institutions against gold shipments.

In spite of the general prosperity which existed, a strong feeling against the capitalist class was growing, which continued to develop and be a disturbing influence for some years thereafter and was later the cause of many strikes and various other kinds of labor troubles.

On June 22, 1906, the National Bank Law was amended so that instead of permitting banks to make no loans larger than ten per cent of their capital, they were henceforth to be permitted to make any one loan equal to ten per cent of capital and surplus combined, provided only that this should not exceed thirty per cent of the capital alone.

On August 6 the Milwaukee Avenue State Bank, one of the outlying institutions in Chicago, closed its doors because of fraudulent management, with a deficit in its accounts amounting to between seven hundred thousand and one million dollars. Theodore Stensland, Vice-President, and Henry W. Hering, Cashier, were arrested—Stensland charged with violation of the state banking laws, and Hering with embezzlement. At the same time a warrant was issued for Paul O. Stensland, the president, who was absent, also on a charge of violating the state banking laws. This bank, organized in 1891, had a capital stock of two hundred and fifty thousand dollars, surplus and undivided profits of approximately three hundred thousand, with a deposit liability amounting to more than four million.

In Illinois the developments of the financial world produced a landmark in the form of a convention of insurance commissioners held in Chicago in February. At this meeting much attention was given to recent investigations, chiefly in New York, under which numerous bad practices were disclosed, and one especially which grew out of the increasing custom on the part of the companies hoarding dividends and using them for semi-speculative investment, instead of paying annual dividends on premiums. As a consequence, an effort was made to put these companies under federal jurisdiction and the convention at Chicago prepared a bill to be submitted to Congress for that purpose.

By October, the combination of business prosperity and speculation, together with the San Francisco disaster, had created so great a drain on the gold supply of foreign countries through American

imports that all European money markets were disturbed. England had made enormous shipments of gold to the United States secured by finance bills, and when the situation became acute the Bank of England began advancing its rate. On October 11, it was increased from four per cent to five per cent and on the nineteenth was raised to six per cent. Only three times before in the preceding twenty years had this rate gone so high. Also, the Bank of England intimated to the London financial world that the acceptance of American finance bills was a menace to the stability of the London market and that the Bank would throw the full weight of its power and influence against the acceptance of such bills. That definitely ended all negotiations with finance bills between the United States and England, and when such paper matured payment was exacted, except where previous arrangement for a single renewal had been provided. For some time after December, 1906, the liquidation of these bills was the most potent single factor in the financial situation of the country. So long as these loans could be transferred to the banks of New York no great difficulty ensued. Toward the end of February, however, the banks had so contracted their loans and the process of liquidation had gone so far as to result in the first evidences of the "rich man's panic" of 1907.

The Secretary of the Treasury had attempted to meet the situation by permitting banks having government deposits secured by government bonds to substitute municipal bonds therefor, on condition that they would use the United States bonds so released as security against additional note issues. In this way the situation was relieved for a time, but fundamentally, conditions were now ripe for the panic which was so soon to occur.

CHAPTER XVIII

THE PANIC OF 1907

Conditions leading to a state of panic—The banks in Chicago—Beginning of the crisis in New York—Speculations of Heinze and Morse—Suspension of cash payments—General use of Clearing House Certificates—Other means of meeting emergencies—Chicago's first departure from cash payments—Freedom of Illinois from bank failures—Termination of the receivership of the Third National Bank of Chicago.

After the panic of 1904, which had been due in large part to the efforts of the "trust busters" who had destroyed business confidence, it was hoped and believed that the election of Roosevelt in November, 1904, would end this difficulty through the President's wise discrimination between harmful and beneficial trusts. In this, however, the business world was to be disappointed, for after the election "trust busting" became an even more popular political pursuit. Nevertheless, the year 1907 opened with an almost feverish business activity, probably a climax to the almost steady increase in general prices and industrial activities which, in spite of many difficulties, had prevailed for the preceding ten years. Large sums were being used in the development of railroads, oil and mining properties, and manufacturing and commercial undertakings, while blocks of securities of a somewhat speculative nature were being forced on the market to such an extent as to greatly imperil the financial stability of the country. At the same time the rapid promotion of business and growth of individual industries had more than doubled production in many branches and brought with it a greatly lessened efficiency in operation. Banks, which on the whole had been in an exceedingly strong position at the beginning of the decade following the settlement of the silver question, had cut down their reserves to a perilous extent and invested large amounts of their resources in speculative or non-liquid securities.

Furthermore, following the San Francisco disaster of April, 1906, in which large amounts of capital had been destroyed, there

had been ample indications that the pace was too rapid and that economic equilibrium was being destroyed. In fact, the recent decision of European markets to cut off the supply of gold had plainly shown that the strain was world-wide and this fact in itself should have been enough to establish caution among banking institutions. But even with all these signs of approaching panic and the fact that lack of confidence in the speculative securities being floated had so undermined the investment market as to make it necessary for corporations of the highest standing even to use short term financing, no attention was paid to the obvious warnings, although much publicity was given to every suggestion of further advance.

It was recalled that only as recently as the end of July, 1906, the United States Steel Corporation had resumed dividends and that less than a month later the Union Pacific Railroad had advanced its dividend from six to ten per cent. Also the Southern Pacific Railroad had begun paying dividends of five per cent. This action on the part of these three great corporations greatly encouraged an optimism already too much in evidence.

In spite of the fact that on March 13 and 14, a panic occurred on the New York Stock Exchange and that banks as a whole had invested so large a proportion of their funds as not to be in a position to meet a serious situation adequately, a Chicago newspaper played up the strength of that city's banking institutions after the statement call of May of that year in glowing terms in which the debts of these banks were set forth as evidences of their strength. Under the heading "Deposits in Chicago Banks Largest in Their History—Total Exceeds $707,000,000—Gains by State Institutions More Than Twice Those of the Nationals * * *" the article went on to say:

"Deposits in Chicago banks are now the largest in their history, the total being $707,000,000. While deposits as a whole are the largest ever shown, at least twenty-four banks individually enjoyed a high record so far as records have been shown by official reports in response to the calls of the national banks and the state auditor for the state banks. The last call for statements covered the condition of the banks at the close of business on May twentieth and it is these figures which are presented.

"The state bank lists were generally published yesterday and a summary of the loans, deposits, and cash resources of twenty-eight institutions makes the following exhibit:

STATE BANKS

	Loans	Deposits	Cash Reserves
May 20, 1907	$242,444,851	$367,259,997	$103,839,125
March 22, 1907	240,603,413	344,142,681	84,350,000
Per cent increase	0.8	6.7	23.1

NATIONAL BANKS

May 20, 1907	$235,170,216	$340,496,702	$137,014,731
March 22, 1907	233,668,807	331,338,802	125,203,470
Per cent increase	0.6	2.7	9.4
Total increase	0.7	4.7	14.9

"The gain in cash by the state banks was more than twice that of the nationals, being over $23,000,000. The percentage of gain in cash resources was also greatly in excess of that of the national institutions, being 23.1 per cent.

"Of the twenty-eight state banks whose figures are published, fifteen make high records—that is in comparison with any statements previously published, although at intervals many of the institutions have had a larger amount of deposits. The fifteen state banks making a record in deposits follow:

Central Trust Company	$12,776,706
Chicago Savings Bank	2,707,776
Colonial Trust and Savings Bank	2,888,079
Drexel State Bank	1,444,534
Drovers Trust and Savings Bank	2,111,780
First Trust Company	37,849,480
Hibernian	21,071,713
Illinois Trust	96,392,622
Kaspar State Bank	2,404,632
Mutual Bank	1,979,493
Prairie State Bank	6,437,524
Pullman Trust and Savings Bank	3,458,353
South Chicago Savings Bank	1,419,144
Stockyards Savings Bank	1,967,583
State Bank of Chicago	18,011,124"

The Currency Act of 1900 had made the issue of bank notes more profitable than before and, as a result, between February 13, 1900, and August 22, 1907, bank note circulation had risen from an amount of $204,900,000 to $551,900,000. This—nearly three hundred and fifty million dollars—had been provided to meet the needs for money and to supply reserve requirements of state banks and trust com-

panies. Also, the act permitted national banks to secure and retain a larger proportion of other kinds of money, so that the cash holdings increased from $388,900,000 on October 5, 1897, to $701,600,000 on October 22, 1907. This amount was sufficient to permit the banks nearly to double their productive investments without diminishing the ratio of cash to deposits, but actually such investments were increased far more than this—nearly tripled, in fact—and the customary proportions of reserve to deposits had now become distinctly less than in the years before the panic of 1873 and 1893. (*A History of Crises under the National Banking System by O. M. W. Sprague.*)

After the stock market panic of March fourteenth, some recovery was evidenced as early as the end of the month, but in August another decline set in which seems to have been the only episode of the year directly ascribable to the activities of the government in the restraint of corporations, as it followed immediately upon a twenty-nine million dollar fine imposed on the Standard Oil Company of Indiana. After this there followed a number of unfavorable events which served to weaken confidence, and by autumn there began what in all probability was the most extensive and most long-drawn-out break-down of the country's credit machinery which had ever occurred since the establishment of the national banking system.

During the first half of September the unsound condition of affairs was somewhat revealed when a loan contraction of only twenty-seven million dollars brought call rates to forty per cent, thirty per cent, and twenty-five per cent on successive days. The situation was relieved somewhat by the efforts of the Secretary of the Treasury and also by the operation of foreign exchange, so that during September and October money in circulation increased by approximately one hundred million dollars. Treasury holdings were reduced twenty-three millions thereby, and these funds were placed on deposit in banks, while state and other bonds were accepted as security on the condition that these banks would release their holdings of United States bonds as a basis for further note issues. With this aid and the nearly fifty-four millions secured through gold imports, the New York banks were enabled to meet crop moving requirements by the middle of September without any considerable loss in cash.

The real beginning of the crisis developed in October when eight banks failed in New York, largely because of the speculation of those in control. All of these institutions were held so closely under

the direction of one or two men that even though they had been suspected for as much as six years, no one outside the banking department had the right to investigate and this department for some reason or other was not able to secure definite evidence against the institutions.

The immediate incident precipitating these bank failures was the collapse of a corner in the stock of the United Copper Company which had been engineered by the firm of Otto Heinze and Company —composed of the brothers and associates of F. Augustus Heinze of Montana. In the summer of 1907, F. Augustus Heinze made his appearance on the financial stage in New York City where he secured control of the Mercantile National Bank and the election to its presidency. Up to this time The Mercantile National Bank had been a highly respected bank, but after Heinze obtained control, he seems to have employed the resources of the institution in his speculations; then the copper corner failed and the bank, unable to meet its clearings, was thrown on the clearing house. An examination showed the institution to be solvent, but the Clearing House Association agreed to help it out of its difficulties only on condition that Heinze get out. Even with the aid of the Clearing House Association, the bank had so far lost the confidence of the public that other banking institutions were scrutinized for similar difficulties and very soon a run was started on the Knickerbocker Trust Company, also believed to be in a badly extended condition because of the speculations of its president with Charles W. Morse, who was known to be intimately associated with Heinze, not alone in the copper corner, but also in the manipulation of the courts of Montana and other dishonorable transactions in mining and banking. The financial indiscretions of these two men had previously been the object of much criticism at the hands of Thomas W. Lawson in his well known articles on *"Frenzied Finance."* Morse, Heinze, and their associates had long had the reputation of being speculators, or at least of being engaged in operations of questionable merit, and, in addition to their interests in the Mercantile National Bank and the Knickerbocker Trust Company, they were known to have a joint ownership in or control over a number of small banking institutions in New York. Naturally, it was these institutions which were the first to succumb in the panic.

Thus, New York became the storm center at this time. Shortly after the downfall of the eight banks and the Knickerbocker Trust

Company, runs began on other prominent trust companies whose difficulties soon involved banks and commercial organizations in other parts of the country. As a consequence, the various Westinghouse Companies were unable to secure the renewal of a large floating indebtedness and went into receivership, whereupon the Pittsburgh Stock Exchange, which dealt almost exclusively in local securities, was closed and remained so during November and December. This, while presumably affecting only the Pittsburgh district, actually contributed to the alarm rapidly spreading throughout the whole country and before long country banks were withdrawing their deposits from city reserve institutions. The resulting financial conditions were due far more to a lack of confidence on the part of bankers in one another than to any other cause. Thus, a panic which had begun in New York through public loss of confidence in banks under the management of speculators, spread over the country in the shape of a lack of confidence by banks in one another, a situation resulting from a belief that under strained conditions city correspondents would not pay depositing banks the cash balances due them. To a large extent this was true and was attributable to the defective reserve laws which had caused similar difficulties in previous panics because they permitted so large a part of the resources of the whole nation to be accumulated in one place. The panic of 1907 definitely demonstrated both to banks and to the public that this so-called reserve was not reserve at all, as it was not available on demand.

Had it not been for the speculations of Heinze and Morse, it is reasonable to suppose that, while conditions were ripe for a panic, liquidation might have proceeded more slowly and quietly and nothing more serious than a gradual decline in business activities might have occurred.

These two men were tried and Morse was convicted and sentenced to imprisonment for a term of fifteen years in the penitentiary at Atlanta, Georgia. After serving only two and one-half years of his term, President Taft pardoned him because of failing health. Heinze was tried some months after Morse and acquitted. In 1910 he was again tried on practically the same charge, but the indictment was found to be faulty and he was not punished.

Under the regulations for reserve requirements of the banks of the country the normal condition of our financial institutions had become one of lack of preparation for emergencies; no adequate lending power nor cash reserves were available for them. It was only

during periods of depression when banks could not find borrowers that the reserve was kept to a point of adequacy. The tendency of this same ruling to make the banks of New York the ultimate reservoir of the nation's funds constituted an even more pronounced difficulty in 1907 than in previous panics. Furthermore, bankers' deposits in New York were at that time of such magnitude that the banks holding them were more conspicuous than in previous crises, and so attracted more attention. In 1873, for instance, when the country was very much less well populated and not yet a world figure in finance, there had been seven New York banks holding such deposits. In 1907 there were only six.

The only certain resources available to banks holding large deposits of other bankers was a large cash reserve and in 1907 this was noticeably lacking. In fact, in New York, bankers' net deposits were more than twice the cash reserve, and in general the proportion of cash to net deposits was only slightly more than the twenty-five per cent required by law.

As soon as the panic became evident, depositors, who had come to consider a crisis synonymous with a lack of cash, withdrew their funds in enormous totals. Some made these withdrawals in order that they might be certain of having money for definite needs, some because of unreasoning fear of loss, and still others in the hope that, as difficulties progressed, they might be able to sell cash at a premium, as had been done on former occasions.

This situation, together with the withdrawal of funds because of runs on suspected institutions which had been supported by the New York Clearing House Association, made it necessary for bankers of that city to suspend further cash payments and resort to clearing house certificates and other forms of circulating currency early in the autumn. Once this decision had been made by the New York banks, it became a signal for similar action throughout the country, and by the beginning of November at least partial suspension of cash payments was general. Soon more banks in more cities were using an illegal "emergency currency" than ever before during the history of the country, and never before had this paper been issued in such large amounts or so extensively in small amounts or for such long periods of time. There were then one hundred and sixty clearing house associations in the country; of these nearly sixty used clearing house certificates and, excepting Washington, all cities of first rank resorted to such currency.

Dr. A. P. Andrew, later Director of the Mint, who made a most thorough study of emergency currency in 1907, obtained reports from one hundred and forty-five of the largest cities. In at least seventy-one of these, resort was made to "emergency currency" in one form or another, and in twenty others the most important customers of banks were asked to mark their checks "payable only through the clearing house." He found that in still other cities, where such measures were not used, the size of checks that banks would cash was limited. In general, it may be said that in two-thirds of the cities of twenty-five thousand or more the banks suspended cash payments to some degree. In thirty-six of the larger ones the banks agreed to limit the amount of cash that might be withdrawn to a specified sum which varied in different communities all the way from ten dollars to three hundred.

Dr. Andrew estimated that two hundred and thirty-eight million dollars' worth of clearing house certificates were issued in large denomination, solely for the use of banks among themselves and, in addition, two hundred and fifty million was provided in small denominations for everyday use among bank customers. This smaller denomination currency consisted chiefly in clearing house loan certificates, clearing house checks, cashiers' checks, pay checks, and other similar media. However, not all of this issued money was actually circulated; it is probable that of the one hundred and one million dollars issued by New York alone, not more than seventy-four million ever was put into actual circulation.

In connection with these enormous issues of "emergency currency," it is interesting to recall that provision of the National Bank Act which states that no bank shall issue "any other notes to circulate as money than such as are authorized by the provisions of this title." Countless national banks issued illegal circulating notes in the form of cashier's checks in convenient denominations and the same was done by state banks, in spite of a tax of ten per cent on their notes provided by the national law but not collected in this emergency. These checks were usually payable only through the clearing house or in clearing house funds and frequently were secured by the deposit of approved collateral with a committee of the clearing house; clearing house paper was always so secured.

In addition, the checks of individuals or corporations were drawn "To Bearer" and made "payable through the clearing house." These

were usually known as "pay checks," and were so extensively circulated in small denominations—often the majority of them ran in one dollar amounts—that at times bank clerks had to work far into the night counting and caring for this paper which had come to them by the basketful, and even then it could not always be handled by the usual bank force but extra clerks had to be secured. These pay checks did not constitute a liability of the clearing house, nor yet of the bank on which they were issued, but only of the individual or corporation for whose benefit they had been made out.

The currency issued by clearing houses fell into three distinct classes. The clearing house loan certificates, ranging in denomination from five hundred to twenty thousand dollars, were used in settling interbank balances and did not fall into the hands of the general public. In 1893, eight cities were reported as using these certificates, but in 1907 not less than forty-two found them necessary. Also, in 1893, such issues were confined chiefly to the northeast, with New Orleans as the only southern city using them and Detroit the most westerly one, but in 1907 they were used everywhere, from the largest cities to very small towns.

At the same time certificates were issued and used equally extensively in denominations of from one dollar to twenty and in a few cases were to be found in convenient sums ranging from twenty-five cents to fifty dollars. These were not used among banks, but were distributed for regular circulation among individuals. They were usually printed to resemble government money and passed readily as currency.

The third type of clearing house currency consisted of paper similarly printed, but known as clearing house checks. These checks were drawn on particular banks and signed by the manager of the clearing house. They, like the certificates of both classes, were payable only through the clearing house, and in many cities, among which was included Chicago, these checks were secured by the banks upon deposit with the clearing house of a corresponding amount of the loan certificates in large denomination.

As a result of his investigations, Dr. Andrew found that this "emergency currency" had been issued in the following amounts in the cities reporting to him. He estimated that if allowance were to be made for cities from which no figures had been obtained, the total amount of issues of substitutes for cash must have gone above five hundred million dollars.

Clearing House Certificates in large denominations	$238,000,000
Clearing House Certificates in small denominations	23,000,000
Clearing House checks	12,000,000
Cashiers' checks	14,000,000
Pay checks	47,000,000
Total	$334,000,000

Although most of this currency was illegal, it passed freely and no one thought of prosecuting or interfering. Large amounts issued by state banks were subject to a ten per cent tax, but no one thought of collecting the tax. Since most of this paper carried the words "payable only through the clearing house," its holders could not demand cash. Therefore, in reality, this was an unconvertible paper money without the sanction of the law. Nevertheless, it was able to meet conditions for which our banking laws did not provide and in all probability prevented multitudes of bankruptcies.

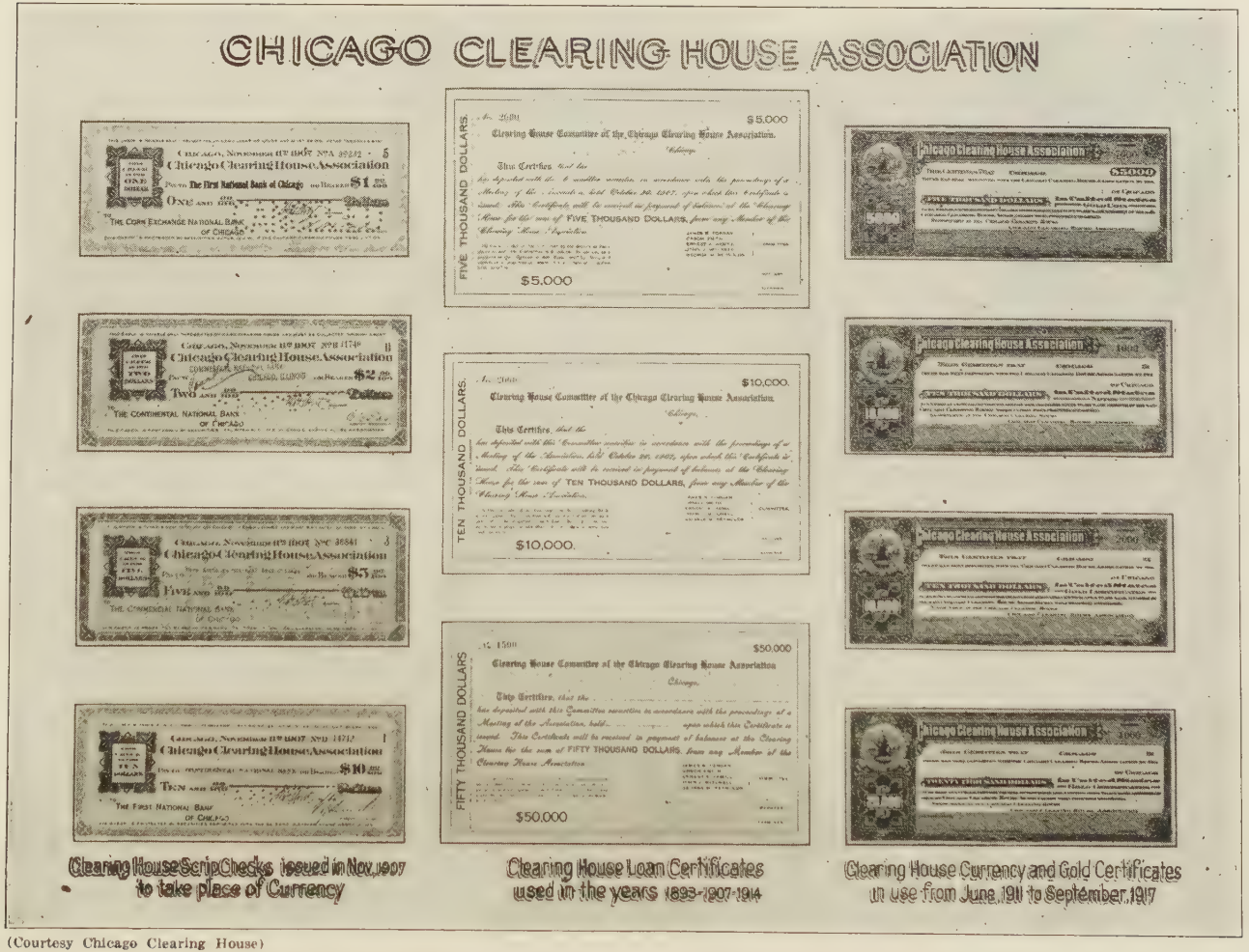
There were times, however, when this emergency currency did not fully meet the needs of the days of crisis and there were some sections of the country in which the banks refused to resort to these substitutes for cash. On occasions of great need conditions were met in a variety of ways, among the most unique and extreme of which was the custom of governors of western states to declare legal holidays extending over long periods of time. The governor of Nevada began on October 24 and declared all days legal holidays up to and including November 4. In Oregon the holiday extended from October 28 to December 14, and in California for an even longer period—from October 31 to December 21—which brought about the suspension of the payment of all debts in that state for more than seven weeks. During these holiday periods, no financial transactions might be carried on, nor, on the other hand, could other activities usually suspended on legal holidays be continued. Thus, in relieving one situation, this method often brought about great inconvenience in another. The banks of these western states were frequently opposed to this method of their governors in meeting their difficulties. Through it the whole judicial system was brought to a standstill and the courts were even restrained from trying criminal cases. In California the governor attempted to overcome this particular difficulty by declaring "special holidays," during which civil

actions based on contracts for the payment of money were prohibited and all else might continue. On the whole, however, the banks preferred to let business and other affairs continue in as normal a manner as could be accomplished under the circumstances and to keep themselves out of difficulties by the more usual method of discriminating in the making of cash payments.

Although the banks of Chicago had consistently refused to use clearing house certificates in other emergencies, it became necessary to such an extent in 1907 that in Chicago alone $39,240,000 of such paper was put out which was the third largest issue of any city in the country. Only New York with $101,060,000, and Pittsburgh with $54,445,000 used more. (A History of Currency in the United States, Hepburn, p. 391.) Joliet circulated $225,000 of emergency currency and Peoria reported some $227,000. At Joliet the substitutes for cash were almost wholly confined to cashiers' checks in convenient denominations. The first issue was made there on November 10, 1907, and the last checks outstanding were retired on January 5, 1908. Peoria used the clearing house loan certificates in small denominations. The first of these appeared there on November 1, 1907, and were all retired by January 1, 1908. Also, in Peoria cash withdrawals were limited to two hundred dollars a customer.

Since so many cities were using "emergency currency," those not issuing it were known as "honor roll" cities. Among those in Illinois which had a population of twenty-five thousand or more, there were three "honor roll" cities—Quincy, Rockford, and Springfield. These three cities gave Illinois an exceptionally good standing among the states of the country in this respect. New York, Massachusetts, and Pennsylvania each had eight such cities; New Jersey, Ohio, Connecticut, and Illinois had three; Kentucky, Virginia, and Texas two each; and there was one in each of the states, Florida, Indiana, Iowa, Maine, Michigan, Montana, New Hampshire, Tennessee, Wisconsin, and the District of Columbia. In the remaining twenty-six states there seem to have been no cities with a population of as much as twenty-five thousand whose banks did not at least partially restrict cash payments during the panic.

As a reserve city, Chicago carried large deposits of banks located in other cities. In 1897, immediately after the long depression during which it was not easy to find a place for bank funds, the banks of Chicago had the high reserve ratio of thirty-six per cent. For some time it had been a tradition that the banks of Chicago were characterized by the unusually high reserve which they carried. How-


CHICAGO CLEARING HOUSE ASSOCIATION
Chicago Clearing House Association
THE FIRST NATIONAL BANK OF CHICAGO
ONE AND
THE CORN EXCHANGE NATIONAL BANK OF CHICAGO
Chicago Clearing House Association
THE CONTINENTAL NATIONAL BANK OF CHICAGO
Chicago Clearing House Association
THE COMMERCIAL NATIONAL BANK OF CHICAGO
Chicago Clearing House Association
THE FIRST NATIONAL BANK OF CHICAGO
FIVE THOUSAND DOLLARS.
Clearing House Committee of the Chicago Clearing House Association.
$5,000
$5,000
TEN THOUSAND DOLLARS.
Clearing House Committee of the Chicago Clearing House Association.
$10,000.
$10,000.
FIFTY THOUSAND DOLLARS
Clearing House Committee of the Chicago Clearing House Association
$50,000
$50,000
Chicago Clearing House Association
$5000
Chicago Clearing House Association
Chicago Clearing House Association
Chicago Clearing House Association
Clearing House Scrip Checks issued in Nov. 1907 to take place of Currency
Clearing House Loan Certificates used in the years 1893-1907-1914
Clearing House Currency and Gold Certificates in use from June, 1911 to September, 1917

(Courtesy Chicago Clearing House)

CERTIFICATES USED BY THE CHICAGO CLEARING HOUSE ASSOCIATION

ever, after 1897 these banks began to break away from their custom, and in 1899 the ratio had fallen to twenty-five and four-tenths per cent. In 1902 it was down to twenty-one and nine-tenths per cent, and thereafter every autumn at crop moving time the banks showed a deficiency until 1907, when they had twenty-five and three-tenths per cent. Bankers' deposits and cash reserves of the important banks of the city on August 22, 1907, and again on December 31, 1907, expressed in millions, were found to be as follows:*

AUGUST 22, 1907

Banks	Due from Banks	Due to Banks	Net Liability to Banks	Cash Reserve
First National	15.2	53.6	38.4	20.0
Continental National	6.6	39.4	32.8	14.1
Corn Exchange National	6.8	24.2	17.4	10.6
Commercial National	4.9	21.8	16.9	7.4
Bankers National	3.8	12.3	8.5	3.0
National Bank of the Republic	3.0	9.7	6.7	3.2
Fort Dearborn National	2.1	5.4	3.3	2.0
Drovers Deposit National	.7	3.8	3.1	1.2
National Live Stock	1.5	4.4	2.9	1.7

DECEMBER 31, 1907

First National	12.9	45.9	33.0	17.0
Continental National	9.3	35.4	26.1	10.2
Corn Exchange National	6.2	20.6	14.4	9.0
Commercial National	5.8	18.1	12.3	6.3
Bankers National	4.1	11.3	7.2	2.8
National Bank of the Republic	4.5	9.0	4.5	2.8
Fort Dearborn National	1.7	2.5	.8	1.2
Drovers Deposit National	.5	2.9	2.4	.7
National Live Stock	1.2	2.9	1.7	1.2

Of the nearly forty million dollars in emergency currency issued by Chicago, $32,160,000 consisted of clearing house loan certificates in large denomination for the use of bankers alone. The first of these was issued on October 28, 1907, and they were all retired by January 27, 1908. On November 20, 1907, the largest amount was outstanding of any time during the panic; on that day there were in circulation $16,140,000 of this paper.

Chicago banks did not use clearing house loan certificates in small denomination for general circulation, but instead confined themselves to the use of clearing house checks in denominations suited to general circulation. Of these, $7,080,000 were issued.

While the banks of Chicago did not have any specific agreement as to the amount of cash to which any one customer was limited, it was a general practice to put some limitation on withdrawals. The amount was left to the discretion of the individual banks and they, in turn, fitted the amount to the particular case in hand.

* *Sprague: History of Crises Under the National Banking System.*

On November 1, however, the banks of Chicago did agree to discontinue all currency shipments to their correspondents in the south and west except in extreme cases. This ban was continued only for some two or three days.

In the country as a whole, the effects of the panic of 1907 were felt for some time after its occurrence, but the banks of Illinois suffered no serious difficulties and the state had no experiences uncommon to other sections. There were no banks which went into the hands of receivers in Illinois during 1907, and according to the report of the state auditor, not a single national or state bank closed its doors.

It is interesting to recall that, while no receiverships occurred in 1907, one of long standing was actually terminated in that year. The Third National Bank of Chicago which, along with a number of others, had gone into the hands of a receiver in 1877, had remained so all these years. This was the most prolonged receivership of any national bank up to that time and, although the creditors had been paid in full with interest within five years after the bank had failed, its affairs were not settled until December 31, 1907, because of the fact that certain real estate in and around Chicago belonging to the bank was held for its rapidly increasing value.

Under an act of June 30, 1876, the comptroller was required to call a meeting of the stockholders of a failed bank after the creditors had been paid in full, for the purpose of electing an agent to whom the receiver might entrust the remaining assets to be liquidated for the benefit of the stockholders. In this case the meeting was called in accordance with the requirements of the law, but the stockholders were unable to agree on the selection of an agent. Consequently, the receivership was not closed and continued for the next fifteen years.

In order to meet this situation and any similar ones that might again occur, the act was amended by one of August 3, 1892, which authorized the shareholders of an insolvent bank to determine by ballot, at a meeting called by the comptroller for that purpose, whether to elect an agent or to continue the receivership until the affairs of the bank were finally wound up. In accordance with this amendment another meeting of the shareholders was held on January 11, 1893, and they elected to continue the receivership until its final liquidation. Thus, it was not until the year of the panic that this long-drawn-out receivership was finally terminated.

CHAPTER XIX

A PERIOD OF TURMOIL

Interval between the Panic of 1907 and the Federal Reserve Act—General interest in monetary and banking reform—Fight against monopolies in business—Amendments to the Illinois Banking Law—Chicago assumed place in first rank of banking world—Citizen's League for the Promotion of Monetary Legislation—Financial effects of declaration of war in Europe—Failure of the Lorimer banks in Chicago.

During the period between the panic of 1907 and the passage of the Federal Reserve Act which was to eliminate permanently such periodic money crises from the United States, the evolution of the new banking system formed the chief subject of interest and cause for misgiving among the banking and economic fraternity of the nation. In the first place the Aldrich-Vreeland Act had been drawn up as a political measure and without regard for the opinions of men experienced in the fields of economics and finance. Then when the Act redeemed itself through the creation of the National Monetary Commission, that body went about its investigations so slowly and at such a tremendous cost as to bring about its dismissal before the researches had been concluded. Next came the change in political control of Congress with its resulting apparent, though not actual, disregard for the years of study that had been contributed to pending financial legislation. All of these causes for anxiety in the final outcome for the banking system of the country tended to a large extent to minimize occurrences which under other circumstances might have assumed a relatively more prominent place in the interest of the nation.

Side by side with the banking controversy there was taking place another reform upon whose progress the tide of business activity largely hung. At this time big business had developed to such an extent that in many instances monopolies worked a real detriment to the general welfare of the country through their ability to destroy competition. President Roosevelt recognized the danger these monopolies afforded and, in his characteristic manner, fought them

so vigorously as to keep all large corporations in a state of constant anxiety lest any one of them become his next target. The President's activity in this direction was strongly denounced as putting a damper on all business. Nevertheless, there was a large faction which believed with the nation's executive that the cost of eliminating the trust evil could not be so great as that of permitting it to remain. Since the large packing and steel industries centered in Illinois and the Standard Oil Company was so close as to wield a decided influence on the business of the state, "trust busting" operations, centered upon these and upon many others, probably affected Illinois more than most other middle western states. However, the state remained strongly Republican in its position and supported Mr. Roosevelt on every election in which he was a candidate, except when he was on the Progressive ticket, and even then it gave him second place because of a divided party.

In a prosecution in pursuance of the President's policies, Judge K. M. Landis in the United States Circuit Court at Chicago, rendered a judgment and imposed a fine of $29,240,000 against the Standard Oil Company of Indiana in August of 1907. It was the purpose of Judge Landis to penalize the parent company—the Standard Oil Company of New Jersey, which owned all of the stock of the Indiana corporation—and on that account he made the fine so enormous. The judgment was passed against the Indiana corporation because of its having shipped oil at concessions from alleged legal rates. The judgment, however, did not stand. It was appealed and less than a year later the United States Circuit Court of Appeals set aside the fine. Meantime the judgment had constituted a sufficiently heavy blow to the "oil trust" to cause it to curtail operations to such an extent as to affect business generally and add to the panic already upon the country. In spite of this, President Roosevelt, thoroughly convinced of the need for reform in this direction, continued his campaign against monopolies, as did also his successor, President Taft. While these operations stirred the country deeply and brought about much comment both for and against them, they did not exert so evil an influence as the President's opponents believed, for, during these investigations and in spite of the impositions of judgments and fines, the country rapidly extricated itself from a severe panic and set its face toward prosperity.

A decade or so earlier Illinois had passed a legislative enactment curtailing the activities of trusts. This anti-trust law was designed

to check the operation of the earlier forms of those activities in which several corporations were accustomed to pool their stock with a trust committee which would vote the pooled stock in harmony. Thus combinations were made possible that led to the restraint of trade and to legislation which drove not only the trust agreement but also the so-called trusts out of the state. The Linseed Oil Trust was one of the earliest combinations operating under a trust agreement of pooled stock, to feel the effect of the Illinois anti-trust law. Likewise this unfriendly legislation drove the organizations of other big industrial combinations to other states, among the most favored of which was New Jersey, for charters. This was true of the American Steel and Wire Company, the National Biscuit Company, and unquestionably it prevented the United States Steel Corporation from being an Illinois company. In fact, nearly all the big corporations formed from mergers had removed their principal offices from Chicago before the Roosevelt "Trust Busting" Campaign had started. One of the few remaining in this state was the International Harvester Company which, however, was incorporated under a New Jersey charter.

In addition to the judgment given against the Standard Oil interests in 1907 and other attacks made on these same corporations from time to time during the long siege against the trusts, the state of Illinois was also largely affected by ever-threatening action against the United States Steel Corporation which had numerous plants in the territory surrounding Chicago, the American Tobacco Company, the Linseed Oil Company, and the famous "sugar trust." In addition to these there were numerous lesser "trusts" within or tributary to Illinois, which might have turned the state definitely against Mr. Roosevelt and the Republican party had it not been for the fact that a majority of her citizens were of the opinion that a little less monopoly, or a governmental control over monopoly, might be for the best interests of the country. On February 11, 1913, even the Board of Trade of Chicago was charged by the government with having violated the Sherman Anti-Trust Law, on the grounds of having arbitrarily fixed the prices of certain grains received in the city. Thus, it will be seen that the quarrel with monopolies went along with nation-wide efforts at currency reform and thereby the earlier years of the twentieth century were marked as one of the greatest periods in the field of economic reform that the country had yet known.

Nor was such reform confined to national efforts. The state had very scant banking laws, and even the constitution contained limited regulations. The legislature of 1907 had drawn up a number of amendments to the Illinois State Banking Law which were ratified at the popular election held on November 3, 1908. At this election five specific improvements were made in the Law:

1. Section 4 was made to provide that every director of an institution governed by the Act must own, in his own right, at least ten shares of the capital stock of his bank. This provision had been drawn up by a previous legislature, but it had been inoperative because not ratified by popular vote.

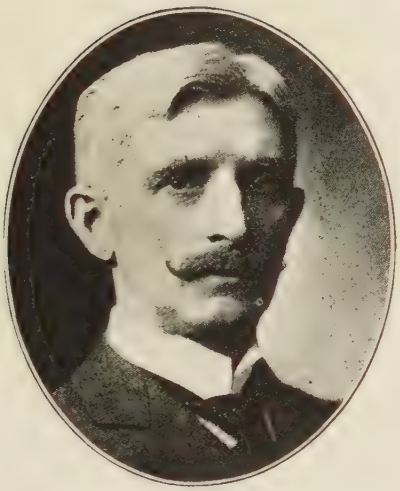
2. The same section was further amended to provide that any officer, director, or employee of any bank who willingly and knowingly made or caused to be made a false statement of the condition of his institution, with intent to deceive, should be liable to from one to ten years' imprisonment.

3. Section 5 was made to give authority to the state auditor to withhold the issuing of a certificate permitting an institution to begin business, in the event that he were not satisfied as to the personal character and standing of the officers or directors, or when he had reason to believe that the bank had been organized for any other purpose than that contemplated by the Act.

4. Section 10 was amended to limit the total liabilities to any association of any person, corporation, or firm, to fifteen per cent of its unimpaired surplus, not including undivided profits, and such liabilities were at no time to exceed thirty per cent of the bank's capital. However, the discount of bills of exchange drawn against actually existing values, and the discount of commercial or business paper actually owned by the person negotiating it, were not to be considered as money borrowed. This amendment likewise provided that loans to the president, vice-president, salaried officers, or employees of a bank, or to firms or corporations controlled by them, were to be prohibited until such loans had been approved, both as to security and amount, by the directors.

5. Section 11 was given added provisions concerning the course to be pursued by the state auditor when the stock of any bank became impaired and also for the appointment of a receiver when the closing of a bank became necessary.

Both state and national banking institutions developed to such an extent at this time that Chicago was definitely accorded the posi-



EDWIN A. POTTER

ELBERT H. GARY

Two men prominent in the merger which made the Continental Banks the largest single banking institution in the United States.

tion of one of the two most prominent banking cities of the country. Nor was Chicago longer to be considered secondary to New York in every financial respect. Her banking institutions were growing so much both in number and size that the Commercial and Financial Chronicle, published in the larger city and devoted mainly to the banking interests of New York, openly admitted on May 11, 1912, that the Continental and Commercial Banks, formed in June, 1910, by the merger of the Continental National Bank, the Commercial National Bank, the American Trust and Savings Bank, and the Commercial Trust and Savings Bank—had become the largest bank in the United States, with an aggregate of deposits exceeding even that of the National City Bank of New York. The same article described the general growth of Chicago's banking institutions as marvelous and said that Chicago was far from being a city of one large bank, as many ranked on a par with the larger organizations of New York. Furthermore, while some of New York's larger banks might be said to have been the result of transactions on Wall Street or the Stock Exchange, the same was not true of Chicago, where every important banking institution was a bank in the truest sense of the word, catering only to a business which came from and assisted in the growth of a legitimate mercantile community.

For the first time in its history, the bank deposits of Chicago passed the billion dollar mark in 1912 and clearings in that year were likewise larger than ever before. In the preceding decade deposits had more than doubled and the similar increase in all other branches of the banking business was based on the soundest foundation of any group of banks anywhere. In Chicago, community development was such that banking credits were based mainly on products of the soil and farms. Watered stocks and the undertakings of high finance did not constitute any appreciable factor in the business of the city's banks, and on the whole the city was remarkably free from promotion schemes of a questionable nature.

Because of Chicago's importance as a banking center at this time, a new association, which grew out of the monetary conferences held in Washington, chose Chicago as its first meeting point and later as its headquarters. This organization was known as the Citizen's League for the Promotion of Monetary Legislation. The organization was brought into existence on April 26, 1911, by a committee consisting of Paul M. Warburg and Irving T. Bush of New York, James J. Storrow of Boston, George B. Markham of St. Louis,

F. N. Faxon of Kansas City, C. Stuart Patterson of Philadelphia, and Fred W. Upham of Chicago. President George M. Reynolds of the Continental and Commercial Banks of Chicago prepared a thirty-page booklet interpreting the Aldrich Currency Plan which was used by the Citizen's League, and other prominent bankers likewise contributed so much of their ability to its progress that before the end of the year branches had been actually established in twenty-six states and were in process of formation in all of the others. During a campaign for membership, sixty-one cities in Illinois formed branch organizations in the short period of eight days.

That this was not primarily a movement of interest to bankers alone is indicated by the personnel of the officers in Chicago's local branch. These men were John V. Farwell of John V. Farwell and Company, president; John Barton Payne of the South Park Commission, vice-president; J. Laurence Laughlin of the University of Chicago, chairman of the executive committee; A. C. Bartlett of Hibbard, Spencer and Bartlett, treasurer, and Murray S. Wildman of Northwestern University, secretary.

Possibly it was due to the confidence engendered by this organization in the probability of a future free from intense monetary difficulties, that the year 1912 brought uninterrupted trade expansion and general good business under conditions which ordinarily would have been sufficient to occasion a trade reaction of more or less severity, if not of prostration. That year the presidential election was of unusually grave importance. There was no actual knowledge of what the outcome of the long discussions on money and currency would be, labor difficulties were rather general, and the Republican party was so hopelessly split as to have two candidates in the field for the presidency. All these things might, and ordinarily would, have contributed to a curtailment of commercial prosperity, but in 1912 they seemed to make little difference to the prosperous tone that general business had assumed, with the exception of a short period during which money became very tight.

The year 1914 will always be marked for one event, no matter what else may have happened during those twelve months—the outbreak of the European War toward the end of July. During the preceding year or more political difficulties and internal dissension had brought business to a low ebb in practically every commercially important country of the world. England was perilously close to civil war, France had serious internal troubles, strike riots were re-

ported from a number of Russian cities, and Mexico was in a turmoil which threatened constantly to embroil the United States. Nor was this country alone seriously affected by the Mexican difficulties. Europeans had made large investments in Mexico which, as they rapidly approached a point of no value whatsoever, created wide-spread depression abroad, and contributed in large part to the money stringency which caused practically all of the leading European countries to declare moratoria at the outbreak of the war. The United States had several hundred million dollars of credits in Europe, all of which were thereby rendered completely unavailable.

At the same time all the financial markets of the world apparently hoped to convert their securities into cash in America. Consequently these billions of dollars worth of securities were dumped on our markets without limit as to price, and created great havoc in America. Realizing that something must be done to avoid approaching ruin, prominent bankers held hurried conferences where they decided our stock exchange must be closed, turned about and agreed that they could see the situation through without so drastic a step, and then again found they were wrong. Finally, on Friday, July 31, 1914, just a few minutes before opening time, the bankers of New York decided that they had reached the limit of their endurance and, although they had agreed only the day before that it would not be necessary to close the Stock Exchange, they ordered its doors to remain closed. This was the first time such a step had been taken since the panic of 1873, which had been occasioned by the failure of Jay Cooke and Company.

Immediately all other principal stock exchanges of the country followed this decision, and among those which closed were the exchanges of Philadelphia, Boston, Baltimore, Pittsburgh, and Chicago. Likewise the stock exchange of London suspended on the same day as did a number of the smaller, individual exchanges dealing in cotton, produce, and other commodities. Two notable exceptions were the Chicago Board of Trade, and the New York Produce Exchange, both of which remained open continuously, although the New York Stock Exchange did not find it advisable to reopen its doors until the following December.

The closing of these exchanges at once deranged foreign trade, imports and exports alike, until conditions in that quarter were as serious here as in the countries at war. In Chicago this was especially

evident on the grain markets where prices rose in a prodigious manner and then as sharply declined.

The Chicago stock and bond markets worried along somehow until September when conditions were such that bankers felt some emergency action must be taken, and so they appointed a committee consisting of the managers of the bond departments of five large down-town banks who conferred with a similar committee of representatives of leading bond houses and the stock exchange. These men agreed upon uniform rules under which trading in securities might be carried on during the period of suspension of the New York Stock Exchange and thereby somewhat eased this angle of the general financial tumult which existed.

Chicago's share in the financial difficulties of the nation and of the world was not to be the only trial endured by the city in the fateful year 1914. In Chicago the world catastrophe was to be preceded by a local bank collapse. On June 12, 1914, State Bank Examiner Daniel V. Harkin, took into custody four Chicago state banking institutions, no one of which was affiliated with the Chicago Clearing House Association, but all of which were related through their unofficial parent institution, the LaSalle Street Trust and Savings Bank, of which former United States Senator William Lorimer was president and C. B. Munday acted as vice-president.

In many ways Lorimer's plan for building these banking institutions corresponded to that used by Zimri Dwiggins back in 1893. Like Dwiggins, the Lorimer group organized a chain of small banks, practically without capital, which were feeders for a large down-town bank. Lorimer used the LaSalle Street Trust and Savings Bank, which was a conversion of the LaSalle Street National Bank, as his center of operations. It was his custom to secure a permit to organize a small bank and then, after selling as much stock as possible, to make up the difference between the amount sold and the capital required by law with a note from the LaSalle Street institution. The cash thus received would be turned over to and counted by representatives from the state auditor's office and the charter granted. Not long thereafter the same cash would be returned to the LaSalle Street Trust and Savings Bank for duty of a similar nature in some other section of the city or state. Many of the banks so started had a capital stock represented by only a very small portion of actual money exchanged. In all of these institutions C. B. Munday and his associates figured as the promoters, and it was always

these men who took over the unsubscribed portion of the stock. As many as ten banks in Chicago were known to have been organized in this manner, and each of these was operated entirely under the direction of the LaSalle Street Trust and Savings Bank, in which institution they kept their balances and interchanged business with it just as though they were its legalized branches.

All of this time the LaSalle Street Trust and Savings Bank was held under suspicion and was widely distrusted as a "political bank"; nevertheless, and largely because of Lorimer's political influence, his chain of banks carried a total of $11,070,000 of the city's funds.

In January, some six months before the failure, State Bank Examiner Daniel V. Harkin, assigned to Chicago, called Lorimer and Munday to Springfield to warn them that they must resort to better banking methods and build up their cash reserves at once. Thereafter the Lorimer-Munday institutions came more and more under the suspicion of men acquainted with financial affairs. Although the statement call of April did not reveal anything radically wrong with the LaSalle Street Trust and Savings Bank, it was so generally known that things were not as they should be that the price of the bank's stock rapidly declined, and just before the first of June there began a quiet run lasting for some two weeks during which depositors withdrew about one and one-half million dollars. Many depositors, however, were not let in on the secret, so that on June 12 they found themselves minus some two and one-half million which they had entrusted to Lorimer. When they learned of the many who had rescued their money in the quiet run, they were inclined to believe that officers of the bank had informed their best friends of the dangers which impended and had thereby enabled their favorites to withdraw at no loss. However, in view of the fact that financial men of the city had mistrusted the LaSalle Street bank for some time, it is equally probable that the run was the direct result of suspicions from without. In fact, some days before the closing of the bank, the Clearing House Association made special preparations for the assistance of its members and all banks clearing through them when the crash came. It was fortunate that this precaution was taken, for the bank examiner's decision that, on closing the LaSalle Street Trust and Savings Bank, it would be unsafe to allow three of its closely affiliated institutions—the Broadway State Bank, the Ashland Twelfth State Bank, and the Illinois State Bank—to remain open subject to runs at a time when a large portion of their assets were tied up in the

failed institution, created such excitement that runs were made in many sections of the city and of the state as well.

Some of the institutions thus attacked which did not have clearing house protection were unable to survive, and almost immediately there failed the State Bank of Calumet which had $105,000 of city funds on deposit; the Southwest Savings Bank, a private institution with four thousand dollars tied up in the LaSalle Street Trust and Savings Bank; the People's Bank of East Alton, a member of the Munday chain but strong enough to withstand the run for three days before forced to close its doors; the Farmers' Bank at Bethalto, of which Munday was also president; the Fernwood Trust and Savings Bank, a private bank located in the southern part of the city of Chicago; and the State Bank of Marine, Illinois. At the same time a number of commercial operations of the Lorimer-Munday combine, such as the Litchfield Mill and Elevator Company and C. B. Munday and Company, likewise of Litchfield, which held a majority of stock in two of the banks that had failed, went into bankruptcy.

For some days after the closing of the LaSalle Street Trust and Savings Bank, the state bank examiner kept the institution in his charge while he made a thorough investigation of its records. Before long his findings led him to express the opinion that the association of the bank with the many smaller institutions had been for the sole purpose of unloading on them securities otherwise unmarketable which the LaSalle Street Trust and Savings Bank had acquired through bad management. To be sure, Lorimer was a politician and not a practical banker. Modern, approved, and up-to-date methods were largely conspicuous in his banks by their absence. Munday had acquired some experience in smaller communities, but this had been in places so small that the custom of up-to-date banking had not been essential, and such methods as he introduced failed to meet the approval of a banking department previously supposed to be entirely friendly to the Lorimer institutions.

The Lorimer bank project first became public in Chicago in 1910, when there was founded the LaSalle Street National Bank, which was liquidated in October, 1912, and the LaSalle Street Trust and Savings Bank organized in its place. For a time, stock in the national bank sold as high as 134 but that of the succeeding state institution never rose above 110. Munday was the heaviest stockholder in the bank. In all he held 2,606 shares, while Lorimer had only 900 shares. A very large proportion of what remained was held by

H. W. Huttig of Muscatine, Iowa, and John F. Jelke, a manufacturer of oleomargarine. From the very beginning Lorimer's banking undertakings aroused opposition on the ground that politics and banking could not and should not be mixed. This opinion was plainly set forth in an editorial appearing in the Chicago Evening Post, a leading daily, on February 10, 1910, when it was first announced that William Lorimer intended to go into the banking business in Chicago. The editorial said in part:

"Whenever Chicago has lived up to its real banking ideals it has been able to stand firm against attack. But, whenever the proper function of the banker has been confused with other functions, however legitimate, our banks have courted disaster. Most of all have we suffered from 'political banking.'

"Politics had its hand in the failure of the Cook County National in 1875. 'State funds' and the politics that went with them played their share in the Globe Savings and Dreyer smash-ups. The Bank of North America had political rather than banking direction, and even the friends of John R. Walsh cannot deny that politics was the underlying reason that made inevitable the elimination of his allied institutions from the city's banking circle.

"Outside Chicago the ill fortune that pursues a 'political bank' has been equally notable. The Allegheny National failure in Pittsburgh was a disgraceful example of the working out of an alliance between the 'machine' and finance. The Real Estate Trust suspension in Philadelphia was equally bad and equally illuminating. Nor can the fair observer overlook the political side of the banking trouble in Oklahoma.

"Politics and banking were not made to drive together. Some men, it is true, have built sound banks in political strength, but in essence the two things are wholly at variance. For politics, of all influences, makes the most insidious attack upon the judgment of the banker. It cunningly interweaves the claims of personal liking with the idea of 'party loyalty' and brings to bear a combined leverage toward unsound finance that is tremendous. Even the 'political banker' who has the highest integrity of purpose must find his way beset by pitfalls that do not lie in the way of the ordinary banker. Such fine financial independence as that shown by Mr. Blair in 1871 would be to the last degree difficult for a man bound by the countless cross-ropes of politics.

"As we see it, a bank should be a bank, solely and exclusively,

without any political purpose that is co-equal with, superior to, or even inferior to its proper function. We hope that those interests which are back of the application for a charter for a new trust company and a related national bank in this city will take steps to free the enterprise from the imputation of being a 'political bank.' Of such institutions Chicago has had more than enough."

Such warnings as the above were remembered when State Auditor James Brady revealed the fact that the books of the LaSalle Street Trust and Savings Bank showed bonds valued at $917,660, while the actual value of such bonds was only $255,385 and that, of the total loans on the books listed as $3,291,107, only approximately $781,335 could be classed as good and $763,687 as of doubtful value. These same books then showed seventeen loans on real estate amounting in all to $85,175, and of these only six notes and mortgages, aggregating $16,725, could be found in the bank. The institution's entire capital stock and surplus had been dissipated, while total liabilities reached the enormous figure of $5,104,045.

At this time there was likewise revealed the fact that E. E. Hughes, who had been made vice-president, cashier, and a director of the Broadway State Bank at the time of its organization toward the end of 1913, resigned these positions within one month after the bank opened its doors for business, giving as his reason that he was not in accord with the bank's management. It is plain that the other directors of this bank were not in a position to perceive the state of affairs as plainly as did Mr. Hughes, for they were greatly surprised to learn at its closing that the institution had some $175,000 on deposit at the LaSalle Street Trust and Savings Bank, instead of the $40,000 they had been led to suppose.

On June 19, W. C. Niblack, vice-president of the Chicago Title and Trust Company, was appointed receiver. He was not long in discovering that the LaSalle Street Trust and Savings Bank had accepted deposits after it had become insolvent and thereby had subjected its officers to liability of imprisonment. Likewise the law had been further violated through the making of illegal loans; large quantities of money had been secured in this way apparently for the purpose of furthering personal or political ambitions.

As a result both Lorimer and Munday were put on trial. Lorimer was acquitted by the jury after a long and tedious trial which lasted three months and cost Cook County between six and ten thousand dollars. Munday was not so fortunate; at his feet was laid the blame

for wrecking the bank. He appealed the case and was granted a new trial before the supreme court, but at its termination the sentence remained and Munday was required to serve a term in prison. Lorimer left the country; some years later he was heard from in Colombia, South America, where it was claimed that he headed a syndicate for developing the country and that from this he hoped to secure sufficient money to pay off the debts to his banks.

All in all, the year 1914 probably represented the most trying period in the history of Chicago finance. There was, however, one ray of hope on the horizon which promised to relieve the future stringencies, such as the turmoil of that year had produced, and also promised a closer supervision over individual banking institutions which in time might avoid recurrences of the Lorimer disaster. That hope lay in the opening of the Federal Reserve Bank of Chicago.

CHAPTER XX

CURRENCY REFORM—EMERGENCY MEASURES

Demands for banking reform—Introduction of bills by Aldrich, Fowler and Vreeland—The Aldrich-Vreeland Act and its provisions—Efforts to organize national currency associations—Chicago's reaction to these attempts—War-time activities of the National Currency Association of the City of Chicago—Amendments to the Aldrich-Vreeland Act.

The Panic of 1907 created a feeling of uncertainty, and soon resulted in a general public clamor for legislation that might effect a decided banking reform and bring about a greater elasticity in our currency. Economists of the country had long agreed that such a measure was necessary, but previous to the 1907 demonstration of the inelasticity of our circulating medium they had secured little popular or legislative support. Now, however, President Roosevelt demanded from Congress that the needs of the people in this regard be satisfied; as a consequence, a flood of bills was introduced most of which, as is usual, had been drawn up without adequate study of the needs of a situation they were intended to remedy.

The burden of securing this legislation fell most heavily on Senator Nelson W. Aldrich of Rhode Island and Congressman Charles N. Fowler of New Jersey. The latter was born in Lena, Illinois, and graduated from the Chicago Law School before going east to take up his political career. These gentlemen were made chairmen of the finance committees of their respective houses of Congress and, in line with his duty toward the demands of the day, each submitted bills which he believed would answer the needs of the situation. Senator Aldrich, in drawing up his bill, was careful to make provision for the continuance of a circulation secured only by bonds. He enlarged it over existing rulings by adding to the list of bonds against which such circulation might be issued. Representative Fowler, on the other hand, was of the opinion that the system of bond-secured note circulation should be eliminated and in its place should be substituted one more capable of responding to seasonal demands for currency.

His bill, although indorsed at the time by the Currency Commission of the American Bankers' Association, was not favorably received, even in the House, and was quickly displaced by one introduced by Representative Edward B. Vreeland of New York which permitted the circulation of currency based on bonds other than those of the federal government, and also on commercial paper.

Long debates and controversies followed in which the politicians of the older generation, who stood with Senator Aldrich, actively urged his bill on the ground that in some sense it was the duty of the government to aid in advancing the prices of suitable bonds, which result they believed would certainly follow the adoption of the Aldrich bill. Against these men stood the younger element, especially from the middle west, in both the Senate and the House, who maintained that a banking currency based on and protected by commercial paper would be more suitable. However, all of these gentlemen realized that, in view of the fact that an election was approaching, it was political wisdom to rush through some measure, whether or not it might be exactly to their liking, therefore they appointed conference committees to harmonize the two bills in such a way that sufficient votes might be secured for the passage of the resulting measure.

As the last days of the session approached, the conference committees hurriedly drew up a measure containing some of the provisions originally in the Aldrich bill, which made possible the issue of notes on terms almost identical with those of the old "wild cat" days, and others from the Vreeland bill which more nearly represented the wishes of the more radical members of Congress. The resulting Aldrich-Vreeland Act, passed on May 30, 1908, was one which politicians attempted to believe, and which the country was led to think would avoid all future panics. It was plain that these claims were made without any great knowledge on the part of the legislators of the exact causes of panics in the past. We must, however, accord the men responsible for it the justice of recognizing that even to their minds the new act was a makeshift, adopted without proper study and investigation because of a political situation, and not expected to be a real measure for bank reform. The mere fact that Congress limited the life of the measure to five years and at the same time created the National Monetary Commission, which was to spend a number of years in making a thorough study of financial systems the world over, shows in what small regard as a reform measure the Aldrich-Vreeland Act was held by its makers. It was simply an

act to provide for additional currency in event of an emergency—an attempt to legalize the methods used illegally in the panic of 1907.

A story is told in Chicago, where the bill was ardently opposed by several prominent bankers, of an occurrence just before the Act was passed, when Joseph G. Cannon, Speaker of the House of Representatives, passing through the city en route from Washington to Danville, his home town, decided to stop off and obtain the viewpoint of some of his Chicago banker friends on the proposed legislation. He called first on John J. Mitchell, then president of the Illinois Trust and Savings Bank, who was also a member of the Chicago Clearing House Committee. Mr. Mitchell was strongly in favor of the proposed Aldrich-Vreeland Act because he realized keenly the need of some provision for a greater elasticity in currency. When Mr. Cannon asked for the general viewpoint of Chicago's bankers, his friend asked the Speaker to accompany him to a meeting of the Clearing House Committee, which was about to assemble, and get the viewpoint of the members first hand.

The meeting was dominated by one of Chicago's foremost national bankers who declared in no uncertain terms that the proposed act was fundamentally wrong and that he intended to fight it. This roiled Speaker Cannon, who in his most vehement English, for which he was widely known when stirred up by opposition, informed the veteran banker that it made no difference whether or not he were to utilize the features of the bill, the country demanded legislation that would meet the need of the people in times of stress and panic and Congress was going to pass the pending bill.

"How can you as a state banker support this bill as you do?" asked this national banker of Mr. Mitchell later. "During the panic of 1907 your bank earned seven per cent on many millions of clearing house certificates. Why support legislation now which will permanently do away with such earnings for you? I am telling you, man, that even though we did not have your advantage in 1907, my bank will never issue emergency notes under the proposed Aldrich-Vreeland Act!"

"Well," said Mr. Mitchell, "while we shall be permitted to issue no currency under the new law and, as you say, we shall be giving up a possible seven per cent on loans to the Clearing House, still all of that seven per cent was not profit in 1907. In order to make those loans we had, in the first place, to require notice of withdrawal on our time deposits. Until 1907 our bank had never permitted such a

notice from its depositors. We got through 1873 and 1893 without that. To do it in 1907 hurt our pride and our business too. Then, in order to keep our bank in the sound and ready condition which our directors have always demanded, we found it necessary to import eleven million dollars in gold at a considerable expense, as we bought foreign exchange and purchased the gold in the open market in London. Less than $2,000,000 of that gold was unpacked, but our conservative policy—the only just policy so far as our depositors are concerned—demanded that we have it on hand in case of need. By the time we had paid the express and insurance charges on that parcel of gold, we had precious little of our seven per cent left and still we had to charge off the damage done our pride and reputation by demanding notice on withdrawals."

The gold importing incident emphasized to western banks the value of carrying rather large credits in New York banks. At the time of the transaction, this particular bank had balances in New York and London of approximately $40,000,000—all available for the purchase of gold as needed.

The rather significant sequel to the clearing house story was that, when in 1914, emergency currency under the Aldrich-Vreeland Act was resorted to, it was the man who had fought it so desperately in 1908 who urged the issue most strongly in 1914. Also, his bank was one of the first, if not the first, institution in Chicago to take out Aldrich-Vreeland notes.

The new act made two provisions for issuing emergency currency. Doubtless those who drew up the bill were of the opinion that these were sufficient to make possible the issuing of such notes in time of need by any national bank in the country, no matter where or how located. As a matter of fact, no notes were issued under the act until approximately the date set for its expiration, and only then after drastic changes had been made.

The first condition under which this currency might be issued permitted any national bank to make direct application to the Comptroller of the Currency for notes up to an amount of ninety per cent of the market value, but not more than the par value, of bonds of states, counties, towns, cities, or other municipalities which had been in existence for at least ten years and which for a period of ten years previous to the time of application had not defaulted in the payment of any part of either principal or interest on any funded debt authorized or guaranteed by it, and whose net funded debt did not exceed

ten per cent of the valuation of its taxable property. The act, however, did not permit the issue of emergency currency against such bonds unless the bank already had outstanding national bank notes secured by United States bonds in an amount equal to forty per cent of its capital. This provision placed a great handicap in the way of emergency note issues, particularly for large city banks, because United States bonds were extremely difficult to secure. In fact, during the panic of 1907 a number of banks had attempted to relieve the situation by borrowing bonds that they could not buy, against which to issue additional currency, but under no circumstances did they find themselves able to draw any appreciable amount of these securities out of the lock boxes of conservative investors who meant to hold them permanently. Consequently, in order to secure enough United States bonds to make notes issued against them equal to forty per cent of the capital stock of larger banks, so great a strain would be set up in the government bond market as to make the price of these securities prohibitive. In fact, it was on account of this scarcity of United States bonds that the existing banking system needed overhauling. The new act had merely aggravated a situation already bad.

Banks having a capital stock so small that they could secure United States bonds in sufficient quantity to meet this requirement of the act, were thereafter permitted to issue emergency currency against other securities up to an amount at which all outstanding notes would equal the capital and surplus of the bank.

The second alternative permitted such banks to issue emergency currency against commercial paper instead of "other" bonds, but in order to do this not less than ten banks of any one community must unite to form a national currency association with which the collateral might be deposited. This done, notes might be issued against commercial paper in amounts not exceeding thirty per cent of the bank's unimpaired capital and surplus. Thus it will be seen that, while the law introduced some difficulties before additional notes could be issued, in the event that these could be surmounted an ample supply of emergency currency might be produced. But, since there was no way of increasing the amount of circulation in anticipation of a panic or during periods of easy money, had the act been such that it could have operated at all, it must have been at best a measure to mitigate money stringencies only after the event.

Any bank wishing to use its commercial assets against note issues might form the necessary national currency association only on con-

dition that it unite with not less than ten other national banks in its vicinity, each of which had an unimpaired capital and a surplus of at least one-fifth of the amount of its capital. In the aggregate the banks forming such an association might not have less than five million dollars in both capital and surplus. No limit was set on the territory to be included in the association. Later events showed that some were organized to include only the banks of a certain city, others all the national banks of their state, and still others took in the institutions of near-by cities in neighboring states. However, no city might have more than one association and no bank might belong to more than one. These associations were to be governed by one representative from each bank, regardless of the size of the individual institutions composing the association. On all currency issued the member banks were to be held jointly liable in proportion to their capital stock, therefore this government, together with the fact that no provision was made for the withdrawal of a bank from membership in its association, made the formation of national currency association so distasteful to larger national banks that for some time it looked as though none would be formed. In the autumn, several months after the passage of the Act, the banks of Washington, D. C., organized, which formed the only national currency association existing for a period of almost two years. Then, upon the active solicitation of the Secretary of the Treasury and after a suitable amendment of the Act, a number of others were started in the larger cities.

In order to prevent the banks of the country from issuing emergency currency in times that were not strenuous, a heavy tax imposed on all such issues was so graduated as to become more burdensome the longer any notes were left outstanding. This tax was large enough to make note issues prohibitive in extreme need as well as on more ordinary occasions. Even in 1912, when interest rates in general rose from twelve to twenty per cent, no appeal was made to the Aldrich-Vreeland Act for relief, although in the autumn of that year the tension of currency was probably no less extreme than in 1907.

The high tax and unjust representation, together with a faulty definition of the term "commercial paper," which led most bankers to believe that only the least desirable type would be acceptable as security for currency issues, brought the majority of the financial men of the country to the belief that, since emergency currency could be issued on bonds by direct and individual application to the

Secretary of the Treasury, there was little need for entering into a combination which was almost certain to result in no good and might bring about a considerable amount of harm. They saw no good reason for pledging their assets against notes issued by their frequently less well-managed competitors and they believed that, unless the law were greatly altered, they would themselves prefer to delay the issue of an unprofitable emergency currency as long as possible.

The national currency association of Washington, D. C., which had been organized in the autumn of 1908, continued to be the only one in existence until July, 1910; then the banks of New York, in response to the constant urgings of Secretary MacVeagh, who was of the opinion that, so long as the country's chief banking center refused to adopt the provision of the Act, no other section would believe it worth considering, created, with the approval of the Treasury Department, the second National Currency Association.

It appears that the banks of Atlanta, Georgia, had formed an association shortly after the Aldrich-Vreeland Act first went into effect, but the bankers of that city agreed that they could not abide by the lack of provision for withdrawals of discontented members. Therefore, in its by-laws, the Atlanta association included permission for withdrawal. The Secretary of the Treasury opined that this was contrary to the intent of the Act and therefore refused his approval. Two years later when the Secretary was making more than usual efforts to secure the formation of currency associations, the bankers of Atlanta made a number of efforts to adjust their difficulties, but it was many months before this could be accomplished to the complete satisfaction of the Treasury Department which, meantime, had found it advisable to interpret many of the requirements of the Act in ways more nearly meeting the needs of bankers generally. When finally the Atlanta association was admitted, on August 18, 1910, it was made to include all the national banks of the state and changed its name to the Georgia National Currency Association.

That the Secretary of the Treasury had been correct in his belief that other sections would follow the decision of the banks of New York was made plain when the banks of Philadelphia, Boston, and the State of Louisiana completed the organization of national currency associations during the month of August, 1919. By the end of October nine associations had been established in the cities of

Washington, Boston, New York, Philadelphia, St. Louis, and Chicago; the states of Georgia and Louisiana; and one association embracing the cities of Minneapolis and St. Paul.

As soon as he had secured the perfection of association in New York and those larger cities of the east particularly influenced by the action of New York, Secretary MacVeagh proceeded to devote his efforts to establishing such associations in the west under the leadership of Chicago.

On July 30, 1910, Mr. A. Piatt Andrew, then Assistant Secretary of the Treasury, addressed a letter to James B. Forgan, chairman of the Chicago Clearing House Committee, in which he briefly and rather formally suggested that it might be to Chicago's interest to form a currency association. As a result, Mr. Forgan called a meeting of the Committee on August 2, 1910, and upon its conclusion wrote Mr. Andrew that "the Committee not seeing its way to recommend to the other national banks of the city the formation of a National Currency Association here, has postponed action in the matter pending the placing of the obstacles it sees in the way before your Department and asking for such further information and advice as you may be able to give us when this is done."

Meantime, Secretary Franklin MacVeagh, who was a Chicago man and well known to Mr. Forgan, wrote a letter which, instead of being the short and formal invitation received from Mr. Andrew, was nearly three pages in length and strenuously urged the prompt formation of an association which, he said, "would do no harm, even if it did no good."

Mr. Forgan wrote Mr. Andrew and also Secretary MacVeagh on August 10, enclosing the list of objections which the Committee had meantime drawn up. In beginning his letter, Mr. Forgan said, "We all regret that under our present understanding of the law we cannot see how such an Association could be organized in Chicago to accomplish its object under existing conditions in our Clearing House Association."

The memorandum of objection enclosed with this letter pointed out that, unlike other cities, Chicago's Clearing House Association was composed largely of state banks. Of its total membership of seventeen institutions, only six were national banks, ten were state banks, and one was a foreign organization. Furthermore, in Chicago there were twenty-nine non-member banks clearing through members and of these only five were national banks. Consequently,

were a national currency association to be established in the city, it would confine the note issuing privilege in emergencies to only six of seventeen banks.

The memorandum explained further that, in the emergency of 1907 when clearing house certificates were used for the settlement of clearing house balances, state banks had been very largely the creditor members of the Clearing House Association. This was due to the fact that the state banks of the city had fewer country bank deposits and a larger proportion of savings and other time deposits subject to notice of withdrawal than did the national banks. As money became very scarce, these state institutions availed themselves of the advantages of refusing withdrawals without notice and so relieved their reserves of the chance of sudden depletion such as the national banks experienced. In reviewing this situation, the committee was of the opinion that should the national banks form a currency association, they would not be free to act for themselves in any subsequent agreement providing for the settlement of clearing house balances in the non-interest bearing notes of the association. Since they were in the minority, the national banks would have to get the consent and secure the coöperation of the large majority of state banks which were members of the clearing house. Also, because, as the creditor members of the Clearing House Association, the state banks had made some profit in the way of interest on funds extended to the association in previous difficulties, the committee doubted that these banks would, in the future, be willing to carry national currency association notes which paid no interest.

As a second objection, the committee offered the suggestion that even the national banks of Chicago could not well afford to enter into an agreement to settle clearing house balances in Aldrich-Vreeland emergency notes of large denominations, unless a collateral agreement were entered into by all the clearing house banks whereby, so long as such currency should be necessary, none of the notes would be presented for redemption. The report said, "If active redemption of them were permitted, national banks short of their legal cash reserves could hardly be expected to carry them voluntarily, when by their redemption they could increase such reserves. Banks issuing them and liable for their active redemption would be in exactly the same position in regard to them that the government Treasury Department was in 1893 in regard to the greenbacks when President Grover Cleve-

land drew public attention to the 'endless chain' in connection with their redemption."

Likewise, it would be necessary to prevent banks from shipping such notes to their correspondents in other cities who might send them to Washington for redemption. Any active redemption occurring would constitute a menace rather than a protection to the legal cash reserves of national banks issuing this currency.

As a third objection, the committee maintained that, since the Act permitted national banks to deal individually and directly with the Comptroller of the Currency in securing authority to issue additional circulating notes against the deposit of bonds other than those of the United States, the only apparent benefit to be derived by banks through a currency association would be the doubtful one of securing the privilege of issuing circulating notes based on commercial paper. Under the law only that paper would be eligible which represented actual commercial transactions bearing the names of at least two responsible parties. The memorandum pointed out that the loans in national banks in Chicago fell into the following classifications:

1. Collateral loans against elevator receipts for grain, warehouse receipts for provisions or other merchandise, bonds and stocks of a known market value.

2. Notes of corporations, firms, or individuals with ample capital and undoubted credit who borrowed directly from the banks on their single name paper.

3. Small notes representing actual commercial transactions, bearing the names of at least two parties who might be described as being "more or less" responsible.

The third classification was the only one which came under the requirements of the Act and, since such notes were always small and of somewhat doubtful value, they did not form more than five per cent of the total loans of the banks. In addition to being undesirable from the standpoint of security, and therefore not capable of passing the judgment of any except the banker who had made the loan and had a personal acquaintance with the individual debtor, and because of the enormous quantities of them required on account of their small denominations, such notes would be extraordinarily cumbersome and impractical for use as a basis for circulation.

The memorandum gave as a fourth objection that, while Aldrich-Vreeland notes of large denomination would be useful only for the settlement of clearing house balances, the small ones even could not

be available for circulation in general because of the prohibitive tax on them. The committee figured that to meet the requirements of any conceivable emergency caused by a lack of circulating medium, these notes would have to be in circulation for an average of at least four months; the tax on this length of time would average six and one-half per cent. Then, as ten per cent of the issuing bank's money would be tied up in the redemption fund at Washington, this would add another one-half of one per cent and the expense connected with the association would bring this additional cost up to a full one per cent. This, added to the tax, would make the net average cost for four months amount to seven and one-half per cent a year.

Even were the tax not prohibitive, it would certainly be sufficient to cause alarm among the creditors of banks paying it, and could not reasonably be compared with the seven per cent interest rate formerly paid on clearing house certificates. This rate had been earned by the banks themselves and was adjusted among them in accordance with the daily fluctuations of clearing house balances. Then, the banks had only to pay interest from day to day on such accommodation as they might require over night, which, on a monthly average where the bank was one day a debtor and another a creditor, was not a serious matter. Furthermore, in Chicago this burden had been distributed among both national and state banks and, although the state banks were largely the credit institutions, still the entire cost had not fallen on the minority of national institutions, as would be the case were they to form a currency association.

In conclusion, the memorandum once more pointed out the fact that even were the emergency so great that additional currency would be used by bankers at any cost whatsoever, under the requirements of the Act, Chicago banks either had or could easily secure bonds such as were required for the individual issue of currency, but that they would have great difficulty in finding in their portfolios any commercial paper that would satisfy a local executive committee and at the same time conform to the requirements of the Act. Therefore, the committee was of the opinion that it would be best for Chicago to continue without a national currency association, to depend in future emergencies on clearing house certificates for settling bank balances, and, should the need be severe, individual national banks might issue such Aldrich-Vreeland currency as they found necessary on the security of bonds other than those of the United States. "We fully realize the weakness of our present system," the memorandum said,

"and, while no emergency is at present imminent, we would be just as anxious to coöperate with the Secretary of the Treasury in putting the law into operation were it practical to do so, as he is to have us."

In sending a copy of this memorandum to Secretary MacVeagh, Mr. Forgan said, "We all regret very much that our study of the law makes it appear to us to be quite impractical in effecting the purpose for which it was framed. If we have misconstrued it or if there is any way by which it can be put into effect that will remove or overcome the serious obstacles we have raised to its practical working, we will be glad to be further advised. We are open to conviction and are seriously looking for a way in which we can coöperate with you in the use of the provisions of the law if there is any practical way to do so. You know us all very well and must know that none of us would let any trivial obstacles stand in the way of cooperating with you or of assisting you in any way we could in your official duties. We really believe however that the obstacles we have raised are so serious as to make the practical working of a National Currency Association impossible under the conditions existing in the Chicago Clearing House Association, and we hesitate to become parties to leading the community to rely on a bridge that might fail to carry them over the emergency for which purpose it was built."

On August 2, Mr. Andrew wrote Mr. Forgan that, while a complete reply to the memorandum of the Chicago Clearing House Committee was not yet ready, he wished to say that the Treasury Department had interpreted the section on redemption fund to mean that no more than an amount equivalent to five per cent of the additional notes outstanding would be required for this fund and that a circular of the Department issued on June 10, 1908, had created an erroneous impression in this regard when it led bankers all over the country to believe that ten per cent would be required. Mr. Andrew continued that it was the opinion of Secretary MacVeagh that, since these additional notes were to be the obligation of all the banks of a national currency association and to be secured by all the assets of all of these banks, there obviously was no need for as much as ten per cent being held in the redemption fund against them.

On August 30, Secretary MacVeagh wrote Mr. Forgan a nine page letter in which he attempted to overcome the objections of the bankers of Chicago on the ground of loyalty to the best good of the general public. The Secretary admitted that formation of an association would probably not be a profitable venture for the banks,

but he commended it as a probable means of restoring general confidence at a time when confidence, more than anything else, was needed to stem the tide of affairs. This, the Secretary maintained, was not accomplished by a system of clearing house certificates which enabled the banks to continue their business only in a limping way. Aldrich-Vreeland currency would enable every national bank to perform its full duty, which was to meet the financial requirements of the public at all times and under all conditions. Every bank, he believed, should regard its ability to serve far above any opportunity to make a profit and should, therefore, accept that road which led to greatest service.

In addition to repeating Mr. Andrew's explanation of the ten per cent redemption fund, Secretary MacVeagh declared that so-called "two name" commercial paper under the Act was meant to include only the highest type of paper and that which the bankers were accustomed to refer to as two-name paper would not be eligible. Under the Act the two-name requirement was met by the names of the maker of the note and the bank deposting it as security for currency.

Mr. MacVeagh closed his letter with the argument he had used upon New York—the need for a leader to carry out the wishes of the government so that lesser communities might follow. Chicago's refusal to form such an association, he said, would doubtless restrict and prevent the formation of enough of them elsewhere to bring about a proper coöperation among banks of the nation. Then the Secretary said, "Certainly no harm can come out of the formation of this association. The association is not obliged to take out emergency currency; and in fact I do not expect any association to issue any of the currency. But I believe the country at large is entitled to the protection, both of prevention and of cure, which the law provides."

After receiving these letters, Mr. Forgan called a meeting of the national banks of the Chicago Clearing House Association for September 9, 1910. Those sending representatives were the First National Bank, Fort Dearborn National, National Bank of the Republic, Continental and Commercial National, Corn Exchange National, LaSalle Street National, National Produce Bank, Live Stock Exchange National, Drovers Deposit National, National City Bank, First National Bank of Englewood. Only the Calumet National Bank was not represented from among the national bank members of the Chicago Clearing House Association at that time.

Mr. Forgan read all the correspondence he had had with the Treasury Department since the previous July 30 and then recommended that it was best for Chicago to form a national currency association. Mr. George M. Reynolds of the Continental and Commercial National Bank explained that once Chicago had taken the lead, it was probable that the banks of Minneapolis, St. Louis, and Louisville would follow, and that therefore the formation of associations in those and other cities depended largely on what Chicago chose to do. With this responsibility placed upon them, the bankers decided that it would be best to form a national currency association in Chicago and immediately appointed a committee consisting of Frank O. Wetmore, Vice-President, First National Bank, W. T. Fenton, Vice-President, National Bank of the Republic, and B. C. Sammons, Vice-President, Corn Exchange National Bank, to take such steps as might be necessary for its formation.

At a second meeting held October 14, 1910, eleven banks were present and adopted the by-laws which the committee appointed at the first meeting had meantime drawn up. All the national banks in the Clearing House Association signed these by-laws and thereby became members of the new association.

Thereafter, for almost four years, no business was transacted by the National Currency Association of the City of Chicago. Annual meetings, merely a matter of form and at which even the officers of the association did not appear, were held on June 13, 1911, June 11, 1912, June 10, 1913, and June 9, 1914. Usually six banks were represented at these meetings—that probably being the proper number to make it possible to conduct any business coming before the association—but no business ever came.

The first special meeting to be called after the organization of the National Currency Association of the City of Chicago occurred on August 3, 1914. On that day the association was awakened from its long sleep and for some time thereafter experienced a very active existence. This special session was called to consider the advisability of issuing emergency currency under the Aldrich-Vreeland Act because of the unprecedented situation brought about by the European War. This time ten banks were represented and every officer of the association was present. In short order the meeting decided that it would be wise for each member bank to subscribe for practically its full quota of additional currency allowed under the Act and applications were taken for the following subscriptions:

Continental and Commercial National Bank	$21,000,000
First National Bank	16,700,000
Corn Exchange National Bank	7,100,000
National Bank of the Republic	2,200,000
Fort Dearborn National Bank	1,700,000
National City Bank	2,000,000
National Produce Bank	110,000
First National Bank of Englewood	100,000
Live Stock National Bank	1,500,000
Drovers Deposit National Bank	700,000
Total	$53,110,000

Since the association now had real work to do, other banks in and around Chicago became interested in joining and, on August 10, only one week after the first special meeting, a second was called and three new members were added—the Washington Park National Bank, Lawndale National Bank, and the Central Trust Company. Although the last was not a national bank, under the ruling of the Federal Reserve Act which had recently been passed, this institution, because it had become a member of the Federal Reserve System, was accorded the privileges given national banks under the Aldrich-Vreeland Act.

As the need for additional currency grew, demand for membership in national currency associations expanded to such an extent that on September 30, 1914, at the request of the Secretary of the Treasury, the articles of association were changed to permit banks outside of Chicago and including "that portion of the state of Illinois in the Chicago Federal Reserve District north of a line forming the northern boundary of Henderson, Warren, Knox, Stark, Marshall, Livingston, and Kankakee Counties" to become members of the National Currency Association of the City of Chicago. On October 28 the First National Bank of Joliet, which had for some time been attempting to form a new national currency association in its territory but without success, joined the Chicago group.

During the war period the Executive Committee, which for the first three years of the life of the association had scarcely been conscious of its existence, found it advisable to hold almost daily meetings for the purpose of passing upon the commercial paper offered as security against additional currency, and such other business as might

come before the association in this period of crisis. This committee consisted of Ernest A. Hamill, Chairman, president of the Corn Exchange National Bank; James B. Forgan, president of the First National Bank; John A. Lynch, president of the National Bank of the Republic; George M. Reynolds, president of the Continental and Commercial National Bank; and David R. Forgan, president of the National City Bank. The officers of the National Currency Association, all of whom, with the single exception of the assistant secretary whose position had been created after the crisis developed, had served continuously since the formation of the association in 1910, were: President, George M. Reynolds; Vice-President, David R. Forgan; Secretary, William A. Heath, President, Live Stock Exchange National Bank; Treasurer, William A. Tilden, President, Fort Dearborn National Bank; Assistant-Secretary, William Byrnes.

These gentlemen held the first of their frequent meetings on August 4, 1914, and the last on April 5, 1915. During this time, of the total authorized amount of $53,110,000, a sum of $27,169,990 was actually issued in Aldrich-Vreeland currency. The issue was begun as a result of the meeting held on August 4; the first currency retirement was made on October 23; and the final retirement came on February 20, 1915. Currency issues were divided among the various member banks as follows:

Continental and Commercial National Bank	$11,737,990
First National Bank	8,000,000
Corn Exchange National Bank	2,400,000
National Bank of the Republic	1,394,000
Fort Dearborn National Bank	910,000
National City Bank	1,125,000
National Produce Bank	100,000
First National Bank of Englewood	100,000
Live Stock National Bank	785,000
Drovers Deposit National Bank	500,000
Total	$27,051,990

Chicago's experience with the formation of a national currency association was typical of that elsewhere in the country. Everywhere the provisions of the Aldrich-Vreeland Act were recognized as purely

experimental; nowhere were they satisfactory to any element and as the defective character of the language of the act came to be appreciated, there grew an ever increasing demand for something of a more thorough nature. It became plain that, since the plan lacked centralization, its operation could not be uniform nor its control public; it was too cautious to be practicable and it did not in any way provide a means for protecting the gold reserve of the country. In relying on the theory that the remedy for a money stringency depended upon a suitably large issue of bank notes, the plan neglected the more fundamental fact that the trouble lay, not in a lack of a circulating medium, but rather in the shortcomings of our credit organization, and that it was credit, rather than bank issues, which was inelastic. In fact, the bill had been drawn up with so many safeguards against the overissue of additional currency that none was issued anywhere until six years after the adoption of the Act, and then only after drastic changes had been made in it. Even in 1914, during a period of stringency fully as acute as that suffered in 1907 when, had the Aldrich-Vreeland Act been practicable, it must certainly have been put to use, rather than avail themselves of its powers, the banks of the country issued clearing house loan certificates to an amount of as much as $109,185,000.

During 1910 when the Treasury Department was faced with the fact that banks were not willing to accept the Aldrich-Vreeland Act as it stood, the Secretary of the Treasury, as was seen in his dealings with Chicago, found it the better part of wisdom to re-interpret some of the provisions of the Act in accordance with the demands of bankers. Likewise, after a long struggle with Atlanta and other cities, it was found necessary to alter the ruling which provided that no bank might withdraw from its currency association. On September 16, 1910, the Treasury Department ruled that, thenceforth, any bank might retire from its association, provided only that it had no unredeemed additional circulating notes outstanding at the time and that it obtained the unanimous consent of the board of managers of its association and that of the Secretary of the Treasury. It also ruled that such withdrawal would not affect the standing of the association except in cases where the total number of remaining banks was reduced to below ten; in that event the association itself must either dissolve or secure enough new members to fill its quota.

Up to June 30, 1914, which was the date on which the life of the Aldrich-Vreeland Act was to end, according to its own provisions,

no additional currency had been issued under it. Since, however, the Federal Reserve Act which, after almost two years of controversy, was finally agreed upon in Congress as suited to the permanent needs of the country, was not ready for efficient operation immediately upon the expiration of the Aldrich-Vreeland Act, provision was made for extending the life of the Aldrich-Vreeland Act for one more year, or until June 30, 1915. Also the tax on additional currency, from five per cent for the first month, and an additional one per cent for each succeeding month, until a rate of ten per cent had been reached, was reduced to only three per cent for the first three months and an additional one-half of one per cent for each month thereafter until a total of six per cent had been reached. In August, 1914, as an active need for emergency currency developed, the Aldrich-Vreeland Act was further amended so that the total issue of additional currency for the whole country, previously limited to one-half billion, might amount to approximately $1,760,000,000. Likewise this amendment removed the requirement that additional currency based on state or other bonds and commercial paper could not be issued until the bank first had outstanding issues against securities of the United States amounting to at least forty per cent of its capital, and raised the total amount of notes that might be issued by any one bank to one hundred and twenty-five per cent of its total capital and surplus instead of one hundred per cent as formerly.

It was not until these changes were made that any currency was issued under the Act, either through national currency associations or by individual banks who made direct application to the Treasury Department. The additional notes were put into circulation amounting to $381,530,000, every one of which was subsequently retired before June 30, 1915.

CHAPTER XXI

PERMANENT NATIONAL CURRENCY REFORM

The work of the National Monetary Commission—The Aldrich Plan—Carter Glass and the Democratic committee on banking and currency—Appearance of Illinois bankers before the Senate committee—The Federal Reserve Act—Determining Federal Reserve District boundaries—Appointing a representative from Chicago to the Federal Reserve Board.

The framers of the Aldrich-Vreeland Act so definitely recognized its provisions as being purely temporary in nature and were so well aware of the tremendous amount of study required to draw up permanent legislation suited to the needs of the country, as to include in its provisions the appointment of a committee to make proper investigations and studies toward the framing of suitable future acts.

This committee, which was to consist of nine Senators and nine Representatives with Senator Aldrich of Rhode Island as chairman, and Representative Edward R. Vreeland of New York as vice-chairman came to be known as the National Monetary Commission. These eighteen men were not appointed primarily because of their propensities for producing adequate financial reforms; rather they were chosen that all factions might be represented and that the work might be supervised by them while it was actually carried out by paid experts of national prominence. For almost four years the Commission, together with its large staff of experts, conducted investigations of banking systems and conditions, of currency, credit, and all other questions bearing on their problem, in so thorough a manner that the findings, both at home and abroad, were written up in thirty-eight volumes which in themselves comprised a most excellent economic library. These books were printed as congressional documents and were distributed without cost in all sections of the country. In this way the Commission was able to exert a tremendous educational influence and to give the country as a whole the benefit of the findings of its experts.

Illinois contributed one of the most prominent men secured by

the Commission for its staff of experts—J. Laurence Laughlin, the well-known economist from the University of Chicago, who had likewise been a member of the Monetary Commission of 1896 when thorough investigation was made into the silver controversy. In the thirty-eight volumes are also to be found two documents written by Dr. David Kinley of the University of Illinois—one on the Independent Treasury System of the United States and its Relations to the Banks of the Country—and the other on the Use of Credit Instruments in Payment in the United States.

In the educational campaign conducted by the Commission there was included a great number of lectures covering such findings of the experts as might be of public interest. The first of these was given by Senator Aldrich himself in Chicago on November 6, 1909. This address was delivered before members of the Commercial Club at a banquet in the Congress Hotel, and preceded a series of lectures which Mr. Aldrich gave immediately thereafter in the cities of St. Louis, Kansas City, Omaha, Des Moines, Minneapolis, St. Paul, Milwaukee, Detroit and New York.

The exhaustive study sponsored by the Commission and the high type of economists used by it, together with the accompanying nation-wide educational campaign, soon brought expenditures to so high a point that much criticism was heard in Congress and resulted in the adoption of a resolution calling for a report by a fixed date. This decision threw the Commission into turmoil. Some of its members resigned saying that it would be impossible to give an adequate report by the date set. Those who remained worked diligently and, late in 1911, adopted a plan which was presented to Congress in January, 1912.

This became known as the Aldrich Plan, although it was not the work of Senator Aldrich himself. In fact, he did not give the measure more than half-hearted support, as it involved the elements of central banking and elastic currency to both of which he had long been known as an opponent. It is probable that the bill was prepared by, or under the direct influence of, the most prominent and best advised bankers of the country. Members of Congress of both parties consistently denied that they had had much to do with it and gave it little attention. The plan was advertised before the country where it had the indorsement of eminent bankers and economists, but as Congress could not be aroused from its indifference the bill was never debated in either house and never reached a vote.

By now there had occurred such a rift in the Republican party that Senator Aldrich and many other strong and experienced members retired from the Senate and were no longer in a position to support his Plan. This break resulted in the election of Woodrow Wilson to the Presidency and brought in a Congress which was strongly Democratic. Although the campaign conducted in behalf of the Aldrich Bill could not save that measure, it had convinced the country of the need of similar banking reform and paved the way for another constructive piece of legislation embodying many features of the Aldrich Plan.

Even before the election, Democratic leaders in Congress, in anticipation of a victory for their party, felt that it would be desirable to make early investigations to the end that suitable corrections for the currency situation might be formulated. To accomplish this the Banking and Currency Committee was divided into two sections; one, under the leadership of Carter Glass, Senator from Virginia, was to recommend legislation designed to reform the American banking system, and the other, under Representative Arsene P. Pujo of Louisiana, to propose means for curbing the power of the "money trust."

The committee under Mr. Glass made a survey of all the reformative legislation that had been proposed since the crisis of 1893, and then drafted a bill which, in the fall of 1912, was presented to President-elect Wilson. Mr. Wilson approved the measure as completely covering the reforms needed but, as it was desired not to introduce the bill until the new administration had gone into office, it was subjected to public hearings instead so that still further suggestions might be secured and the bill rounded out and perfected insofar as possible before its presentation.

President Wilson, upon taking office, became most insistent that Congress lose no time in taking action on the proposed Glass Bill. Then, as soon as it was understood that the President meant to force action in an aggressive manner, the whole country joined in the discussion and the best minds of the nation suggested additions and subtractions until the law as finally enacted was an evolution of deep investigation and lengthy discussion.

When the new Congress assembled in December, 1912, the House Committee on Banking and Currency took up the work approximately where the National Monetary Commission had left off and conducted hearings and investigations throughout the winter.

In the autumn of 1913 the Senate Committee on Banking and Currency conducted special hearings which have been reported in detail in a document comprising three large volumes. Shortly before this hearing the American Bankers' Association held a conference in Chicago and from this sent a number of bankers under the leadership of James B. Forgan, then President of the First National Bank of Chicago, to Washington to bring the results of their deliberations before the Senate Committee. Mr. Forgan's group was carefully chosen so that it included prominent bankers from all sections of the the country, each of whom was prepared to talk on some one phase of the proposed bill and give constructive suggestions for its improvement. These began their testimony in Washington on Tuesday, September 2, 1913.

Mr. Forgan was the first speaker and chose to suggest that one central bank with an unlimited number of branches be established instead of the twelve individual institutions prescribed by the Glass Bill—later known as the Federal Reserve Act. Mr. Forgan's contention was, that if all the gold of the country were gathered into one place, there need be no further loss of confidence because a large proportion of that gold was being used in any one section. He argued that with twelve individual banks the old custom of hoarding currency would not be destroyed but only lessened through its concentration in twelve instead of hundreds of individual banks. But, he continued, if the country could not be brought to agree to a central banking institution, the danger of hoarding funds in any one section should be minimized to the greatest possible extent by creating the smallest possible number of individual reserve banks. Mr. Forgan expressed the opinion that under no circumstances should the number of such institutions exceed five for the whole country.

When he had finished, one after another Mr. Forgan introduced the bankers who were supporting his arguments and each one was questioned until the Senate Committee had become satisfied on the point he had come to make. It was not until two days after Mr. Forgan opened the arguments that it became the turn of a second Chicago banker, George M. Reynolds, then President of the Continental and Commercial Banks, to testify. Mr. Reynolds urged that the proposed Federal Reserve System should include state banks as well as those with national charters in a way which would make membership desirable for both but compulsory for neither. Mr. Reynolds' long experience as a banker, both in a small town and

in one of Chicago's largest institutions, was such that he could contribute much of value to the discussions and he was recalled to the witness stand time and again during the days of the hearing.

The third representative from Chicago to be introduced by Mr. Forgan was E. D. Hulbert, then Vice President of the Merchants Loan and Trust Company, who supported Mr. Reynolds in his contention that a system which represented the entire country and was intended to correct fundamental monetary and credit difficulties, should include all the banking institutions of the country, both state and national. Mr. Hulbert also offered the objection that the proposed law, as it then stood, made it possible for the reserve banks to go into the market as competitors against their own member banks which might easily create a situation both unfair and distasteful to member banks.

During the period when these hearings were going on, the Illinois Bankers' Association met at Quincy in the largest convention ever held up to that time by any state bankers' association. This unprecedented attendance was doubtless due in large part to interest in the pending banking legislation. It was agreed that, since Chicago bankers were being called upon to give their views of the proposed law, it might be well for the Illinois Bankers' Association to send to Washington a delegation representative of down-state country bankers who likewise would be affected by whatever decision Congress might make. Judge S. B. Montgomery of Quincy, who was elected President of the Association, chose a committee, representative of various sections of the state, consisting of William George, president of the Old Second National Bank, Aurora; B. F. Harris, vice-president of the First National Bank, Champaign; John M. Crebs, president of the National Bank of Carmi; H. D. Sexton, president of the Southern Illinois National Bank, East St. Louis; Ashe V. Cox, president of the Orchard City Bank, a private bank located at Xenia; William C. White, president of the Illinois National Bank of Peoria; and J. S. Aisthorpe, president of the First Bank and Trust Company of Cairo. These gentlemen went to Washington where they appeared before the Senate Committee on Banking and Currency, each talking on a certain phase of the proposed law, much as Mr. Forgan's national group had done. In addition to suggesting a number of minor changes in the law, these men on the whole supported the conditions already put forth by the Chi-

cago representatives of the American Bankers' Association conference.

The only other representative from Illinois who spoke before the Senate Committee on Banking and Currency was Harry A. Wheeler, vice-president of the Union Trust Company of Chicago and then president of the Chamber of Commerce of the United States. Mr. Wheeler spoke at length as a representative of the Chamber of Commerce and confined his remarks to the viewpoint of that organization.

The bill on which these hearings were made had passed the House on September 18, 1913. It was ratified by the Senate on December 23 and became a law, after having been once again referred to a conference committe of the two houses on the disagreeing amendments which had developed as a result of the hearings. Thus, just fifty years after the enactment of the National Bank Act, there was passed the most constructive piece of banking legislation since the Civil War and one destined to transform American banking methods.

Since the Federal Reserve Act was passed in a comparatively short length of time by a new and inexperienced Congress, many held that it would wreck the national banking system, if not the country itself. However, when time had permitted a study of the Act, as well as a demonstration of its powers, it became evident that an extraordinary piece of legislation had been produced. Then practically all parties rallied to its support and before long the Act was obviously one of the wonders of American legislation. It is not often that principles so scientifically developed are so admirably incorporated into law, but in the case of the Federal Reserve Act it must be remembered that a rather hastily produced law was in reality the outgrowth of studies and discussions covering many years of time.

The Federal Reserve Act was passed in December, 1913. Early in January, 1914, the national banks of Chicago held a meeting at which they voted unanimously to join the new Federal Reserve System. Likewise, the Central Trust Company of Illinois announced its decision to enter the System, while a large number of the more prominent state banks were seriously considering the matter. This was before the System had been put into actual operation and before it was even known just where Federal Reserve banks would be located or what territories the districts might include.

Under the new Act a committee, consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, was appointed to learn the views of bankers and business men and to determine the best possible locations for the several districts and banks. This committee made a tour of fifteen cities—New York, Boston, Chicago, St. Louis, Denver, Seattle, Portland (Oregon), San Francisco, Los Angeles, Houston (Texas), New Orleans, Atlanta, Cincinnati, Cleveland, and Kansas City (Missouri). Upon completion of this tour, the members of the committee held hearings on the subject of locations in Chicago, St. Louis, and Kansas City. The meeting at Chicago was held on January 19, 1914. A number of bankers appeared, but the most prominent spokesmen were James R. Forgan of the First National Bank and George M. Reynolds of the Continental and Commercial Banks. Each of these men put up a strong plea for the establishment of a Federal Reserve Bank at Chicago, and Mr. Forgan showed that from the outset there would be nine national banks in that city contributing $20,707,000 in deposits to the System and $4,143,000 to its capital. If the district were to include all of the state of Illinois there would be an additional 450 national banks with $9,046,000 in deposits and $3,100,000 in capital, so that, even were the Chicago district confined to the state of Illinois, it would have 459 national banks with $29,753,000 in deposits and $7,243,000 in capital and this would in all probability be added to by a similar contribution on the part of state banking institutions.

Mr. Forgan next urged that the Chicago district definitely include all of the states of Illinois and Indiana, while he hoped that it might also take in Nebraska, Minnesota, North and South Dakota, and the eastern part of Ohio. Thereupon Secretary of the Treasury McAdoo rather humorously pointed out that were the Chicago district to be given all Mr. Forgan asked for it, it would include a quarter of all available banking capital in the country. Then, he said, that since New York had been similarly greedy and expected to have approximately one-half of the country's banking capital, the two cities would divide three-quarters of the whole between them, leaving only one-fourth for the remaining Federal Reserve banks which, under the provisions of the Act, might not be less than six in number.

At this Mr. Reynolds rose to support a previous suggestion made by Mr. Forgan in which he urged that Federal Reserve banks be

located in the cities of New York, Chicago, Boston, San Francisco, St. Paul or Minneapolis, St. Louis, Kansas City, and Baltimore or Philadelphia. When the Reserve bank cities were finally settled upon, the suggestions of Mr. Forgan and Mr. Reynolds in this regard were taken and in addition to the cities named by them were included Cleveland, Richmond, Atlanta, and Dallas, thus creating the maximum number of Reserve Bank cities provided for in the Act which stated that there must not be less than eight and might not be more than twelve. On the two alternatives included in the list presented by the bankers from Chicago, Minneapolis was eventually chosen as preferable to St. Paul, and Philadelphia was deemed a more suitable location than Baltimore.

Among his first choice for the Board of Directors of the new Federal Reserve banks, President Wilson selected H. A. Wheeler, vice-president of the Union Trust Company of Chicago. When the announcement of this choice was made, bankers throughout the country gave their approval, as Mr. Wheeler was known to be a man of wide and valuable experience and of character and attainments exactly suited to one in so important a position. Mr. Wheeler, however, did not feel that he could accept this honor and in his stead Mr. Wilson chose to appoint Thomas D. Jones, an attorney and director on the boards of numerous corporations. Mr. Jones was likewise from Chicago and, while his qualifications were such as to indicate that the President had chosen wisely, he was not as well known as was Mr. Wheeler; consequently, many assumed that he was nothing more than a personal friend of the President and had received his appointment solely on that account. Those aggressive enough to look up the qualifications of Mr. Jones found that he was on the board of directors of the International Harvester Company, then being prosecuted by the Department of Justice, which was taken by a certain faction as being sufficient reason for keeping the Chicago appointee off of the Federal Reserve Board. As a result, when the President sent his recommendations to the Senate and learned that that body was objecting to the appointment of Mr. Jones, Mr. Wilson disabused the minds of the objectors in a letter addressed to Senator Owen, chairman of the Senate Committee on Banking and Currency, in which he explained Mr. Jones' connection with the International Harvester Company as follows:

"His connection with the Harvester Company is this: He owns one share, and only one share, of stock in the company which he

purchased to qualify as a director. He went on to the board of the Harvester Company for the purpose of assisting to withdraw it from the control which had led it into the activities and practices which have brought it under the criticism of the law officials of the Government and has been very effective in that capacity. His connection with those acts and practices is absolutely nil."

Even with this especial urging on the part of the President, however, the appointment of Mr. Jones was not received with any great enthusiasm by the Senate and finally the President withdrew his name at Mr. Jones' own request. Mr. Frederick A. Delano of Chicago next became Mr. Wilson's candidate for the place. Mr. Delano had had an honorable record in connection with various railroad enterprises and at one time had been a member of the Industrial Relations Committee which had previously been named by the President. His qualifications met with the approval of the Senate and he therefore became Chicago's representative on the Federal Reserve Board.

COMPARISON ON THE PRINCIPAL FEATURES OF THE ALDRICH PLAN WITH THOSE OF THE FEDERAL RESERVE SYSTEM

Aldrich Plan	Federal Reserve Act
National Reserve Association established for a period of fifty years.	Twelve Federal Reserve Banks established for a period of twenty years.
Association's head office to be located in Washington.	Twelve individual banks to be governed by the Federal Reserve Board located at Washington.
Fifteen branches to be established representing fifteen districts of the country. These branches not to have any capital of their own.	Twelve banks to be established, each serving one of the twelve districts into which the country is divided. Each bank to have a capital of not less than four million dollars.
All national banks eligible for membership and such state banks and trust companies as comply with the requirements of the plan. No bank to be required to become a member.	All national banks required to join the system. Other banks permitted to join provided they will comply with the requirements of the Act.

Aldrich Plan	Federal Reserve Act
Capital stock of the National Reserve Association to be owned by its member banks.	Capital stock of each of the twelve Federal Reserve banks to be owned by their member banks.
Each member to subscribe for stock up to twenty per cent of its paid-in and unimpaired capital. One-half of this to be paid immediately and the remainder subject to call.	Each member to subscribe for stock to an amount equal to six per cent of its paid-up capital and surplus. One-sixth to be paid immediately, one-sixth in three months, one-sixth in six months, and the remaining fifty per cent subject to call.
The Association to begin operations when its paid-in capital amounted to $100,000,000.	No bank to commence business until it had a subscribed capital of $4,000,000.
Subscribing banks in each of the fifteen districts to be further grouped into local associations of not less than ten banks each, with an aggregate capital and surplus of not less than $5,000,000. Each local association to have a board of directors chosen by the member banks.	Branches might be established by any Federal Reserve Bank within its own district. No local association of member banks provided for.
A board of directors for each of the fifteen branches to consist of twelve members—ten to be chosen by the local associations and two by the board itself.	Each Federal Reserve bank to have a Board of Directors consisting of nine members holding office for three years—three chosen by member banks, three representative business men other than bankers, and three appointed by the Federal Reserve Board.
The National Reserve Association to have forty-six members on its board—thirty-nine chosen by the branches and the remaining seven to consist of the Governor, two Deputy Governors,	A Federal Reserve Board of eight members be made to include the Secretary of the Treasury and Comptroller of the Currency as members ex-officio, and six members appointed by the President

Aldrich Plan	Federal Reserve Act
the Secretary of Agriculture, Secretary of Commerce and Labor, Comptroller of the Currency, and Secretary of the Treasury.	of the United States with the advice and consent of the Senate. No two of these men may come from any one Federal Reserve District.
The thirty-nine members to serve for terms of three years each—one-third retiring each year.	Board members to serve for ten years, so arranged that retirements occur every other year.
The governor of the National Reserve Association to be selected by the President of the United States from a list of three names submitted to him by the Board. His term shall be ten years.	One of the President's six appointees shall be designated by him as governor. His term will, naturally, be ten years.
The two deputy-governors to be chosen directly by the Board and to serve for terms of seven years each.	
The National Reserve Association to have powers of discount, making loans with stock exchange securities as collateral to subscriber banks, investing in United States bonds, dealing in gold coin and bullion, fixing rates of discount, issuing bank notes, holding reserves of member banks which so desire, and establishing foreign agencies.	Federal Reserve banks have powers of discounting certain notes, drafts, and bills of exchange, receiving deposits from its members, buying and selling paper on the open market, dealing in gold coin or bullion, establishing discount rates, receiving government deposits, issuing notes, acting as fiscal agent of the United States Government, permitting national banks to establish branches abroad.
Expenses and losses of local associations to be met by assessment of member banks in proportion to ratio which their capital and surplus bears to aggregate capital and surplus of all members.	Shareholders of Federal Reserve banks responsible for debts of their bank to the extent of their subscription in addition to the amount subscribed.

Aldrich Plan

From net earnings dividends of four per cent to be paid, half of what remains to go to surplus until it amounts to twenty per cent of the paid-in capital. Of the remaining amount, half to go to the United States and half to the stockholders, but in all the stockholders not to receive more than five per cent. After these requirements are met all left goes to the United States.

The National Reserve Association, its branches, and the local associations to be exempt from state and local taxation, except on real estate.

Federal Reserve Act

Net earnings of the Federal Reserve banks are to apply on a six per cent dividend to members and all left after is to be paid to the United States as a franchise tax, except that each bank may first build up a surplus fund equal to the amount of capital of the Federal Reserve bank and thereafter ten per cent of the annual net earnings, after dividends, may be devoted to this surplus fund.

Capital stock, surplus, and income, excepting real estate, to be exempt from all taxation.

CHAPTER XXII

EARLY PERIOD OF THE FEDERAL RESERVE SYSTEM

Chicago meeting of the American Bankers Association group on currency reform—Credit for origination of the Federal Reserve Act given to Woodrow Wilson—Charles G. Dawes among Chicago's first bankers to take a definite stand for the Federal Reserve System—Opening of the Federal Reserve Banks—Early difficulties with and campaign for the promotion of par collection—Gold Settlement Fund—Rediscounting operations—Review of conditions surrounding early years of the Federal Reserve System—Illinois divided between two Federal Reserve districts—Quarters occupied by the Federal Reserve Bank of Chicago—Plot to blow up the bank—New building of the Federal Reserve Bank of Chicago.

Less than two weeks prior to the time the committee of the American Bankers' Association, in which Chicago's bankers, James B. Forgan and George M. Reynolds, played so important a part, made its recommendations to Congress on September 2, 1913, that same group, consisting of representative bankers from all parts of the country, held a preparatory meeting at the Hotel La Salle in Chicago. This was presided over by A. B. Hepburn of New York, and it was there made plain that the bankers of the country were not agreed in their opinions as to just what would constitute a workable central banking system. Each speaker had very definite ideas of what was wrong with the proposed bill, but the only point of agreement among them seemed to be that the bill as it then stood was far from desirable and that if passed without alteration would be almost certain to result in economic havoc.

The point of greatest contention seemed to be the clause regarding the proposed powers of the new central banking institution for note issue. There was a strong sentiment for a bond-secured currency on the part of some present, while others believed that the country greatly needed the innovation of an elastic circulation based on current business as represented in available commercial paper. Many felt that the proposed gold reserve to be held against such temporary currency was far from adequate.

On this and other discussions, Mr. Forgan proved to be the most staunch of the conservatives. Not only did he feel that the note issue clause was all wrong, but said that the bill as a whole was so bad that it could not result in any good and urged that Congress be requested not to take action on it until such time as an entirely new one could be drawn by competent bankers.

George M. Reynolds, president of the Continental and Commercial Banks of Chicago, and Festus J. Wade, president of the Mercantile Trust Company of St. Louis, were outspoken in their opinion that currency and banking reform were so badly needed that it was the better part of wisdom to accept that which could be secured as a start to a reform which could be improved upon as experience brought the weak points into prominence. Mr. Wade and Mr. Reynolds were entirely out of agreement with Mr. Forgan when he said of the bill: "It is not a measure of expansion. Rather than that it is one of contraction—the most damnable contraction that the country has ever shown. It will make business impossible."

Charles G. Dawes, then president of the Central Trust Company of Illinois, and one-time Comptroller of the Currency, likewise disagreed with Mr. Forgan. Having, however, long been known as an opponent of the asset currency idea, he voiced his opinion by saying that the proposed Act meant "damnable expansion, and the most dangerous inflation this country had ever experienced."

The session lasted two days before an agreement could be reached and recommendations drawn up for presentation to Congress. What these recommendations were has already been recounted in a previous chapter.

Learning that the Banking and Currency Committee of the American Bankers' Association was about to meet in Chicago, Representative Charles N. Fowler of New Jersey, who for years had been Chairman of the Banking and Currency Committee of the House and who had in that capacity introduced bills intended to effect the needed reform, traveled to Chicago with the expectation that he would be permitted to talk on the subject of the proposed Glass-Owen Bill before the bankers. Representative Fowler was bitterly opposed to the pending bill and hoped that the bankers might be brought to support his views. He was, however, unanimously denied a hearing for, as the bankers said, action and not talk was then needed.

Since, in recent years, now that the Federal Reserve System is an accomplished and approved fact, there has arisen a great deal of con-

troversy over placing due credit for the original enactment of legislation producing the most satisfactory banking system America has ever known, it is interesting to recall an address given by Edmund D. Hulbert, then vice-president of the Merchants Loan and Trust Company of Chicago, in which he spoke before the 1918 convention of the American Bankers' Association as follows:

"The Federal Reserve Act was, of course, an outgrowth of innumerable plans for currency reform, but it is not generally known that it was Woodrow Wilson who laid out the ground plan for the Act and that there was never any fundamental departure from his original plan. Mr. Wilson was in Chicago shortly before his first inauguration and at that time he outlined to a Chicago banker his plan for a reform of our banking system. The plan as then disclosed was fundamentally the same as the Federal Reserve Act, which subsequently became law. The machinery was much the same as that suggested by Professor Laughlin of the University of Chicago as a substitute for the Aldrich plan, but the principles involved were, of course, entirely different.

"It developed at this interview that Mr. Wilson had been a student of finance and banking for years before he was thought of in connection with the Presidency. The Chicago banker, however, expressed his disapproval of the plan emphatically on the ground that the compulsory purchase of the stock of the Federal Reserve banks by the national banks would be an unheard-of exercise of arbitrary power by the Federal government and that without this the plan would fall to the ground, as it was too unattractive from a banking standpoint to lead banks to join the system voluntarily.

"While the fundamentals of the plan were never departed from, the greatest possible credit is due Congressman Carter Glass of Virginia for the commercial soundness and sanity of the completed Act. After the Act was passed, some financial experts said it was a miracle that such a technically sound and able law could have been enacted by Congress. There was no miracle about it, unless it be considered a miracle that a rather obscure Congress of no great experience in financial matters developed an almost unerring instinct for the sound and constructive in finance and an unsurpassed courage to withstand the onslaughts of the demagogue and doctrinaire.

"Few have any conception of the determined efforts that were made to get untried and dangerous schemes into the bill and what it cost to defeat them. Mr. Glass carried this fight gallantly to a fin-

ish and collapsed with exhaustion only after the bill became a law. The Act was passed in November, 1913, but as late as October of that year the Democrats in Congress were either lukewarm or antagonistic to it. The united opposition of the banks of the country as expressed at the Chicago conference in August and by this Association at its Boston convention in October, coupled with the fierce onslaught of Elihu Root of the Senate, had their effect on it and it was only the iron will of President Wilson that brought it to a vote. As it was, two Democratic Senators, members of the Currency and Banking Committee which had charge of the bill, finally refused to vote for it.

"I therefore wish to record the statement that to Woodrow Wilson alone is due the credit of planning the Federal Reserve Act and forcing it to passage, and to Carter Glass more than to any other one man is due the credit of making it a sound, beneficent, workable law."

As has been shown, the most prominent bankers of Chicago were among those who fought the bill the hardest, not because they disapproved of such legislation, but because they believed the defects of this bill would far overbalance its many excellent points. This feeling prevailed in Chicago for some time after the Act became a law and even as late as January 9, 1915, Charles G. Dawes, then president of the Central Trust Company of Illinois, and later Vice-President of the United States, voiced his feelings in a talk entitled "The Dangers of the Federal Reserve Law in Its Present Form and How It Should Be Amended to Avoid Them." Mr. Dawes had a profound fear of the possibilities of great currency inflation under the Federal Reserve Act. He had long been known as a strong advocate of bond-secured currency, which the Federal Reserve Act sought to supplant. It was readily recalled that at the end of his term as Comptroller of the Currency, he had been most outspoken in his opposition to currency plans suggested about that time. Nevertheless and in spite of all these expressions and firm opinions, Mr. Dawes had gradually come to the realization that conditions had changed in banking as well as in other phases of the economic world and, as a result, he was one of the first of Chicago's opposition to shift to the support of the Federal Reserve Bank.

When Mr. Dawes announced that his bank, the Central Trust Company of Chicago, had taken steps to become the first state bank of any size in the middle west, if not in the whole United States, to join the Federal Reserve System, almost immediately the attitude of the larger bankers of the city changed from one verging on hostility

to a willingness to give the new system a trial. Soon the two largest national banks in the city, the First National and the Continental and Commercial National, announced their intention to submit to the Act, although, as has been shown elsewhere, the presidents of both of these banks, James B. Forgan and George M. Reynolds, had been consistently opposed to a number of the requirements of the new System, and had considered some objectionable phases so important as to give serious consideration to the abandonment of their national charters. However, having determined to support the Federal Reserve System, both of these men did so to their utmost, and not only did they contribute the resources of their banks, but each of them consented to act upon the first board of directors for the Federal Reserve Bank of Chicago. Thus they gave of their personal ability as well as the support of their banks, and were of great assistance in making the Federal Reserve System worthy not only of their approval but of every thoughtful banker of the present time.

So long as men like James B. Forgan, George M. Reynolds, and Charles G. Dawes had held out against the Federal Reserve System, it naturally followed that the tide of banking opinion throughout the entire middle west had followed the same trend. The step taken by Mr. Dawes in joining his bank to the System when it was a state institution and therefore had every right to remain outside, did much toward swinging the thought of big bankers throughout the country to the System and started a shift in sentiment among both national and state banks, until the territory surrounding Chicago reached the point where it was giving a hearty support, deeply gratifying to an institution which but a short time before had little or no approval.

The Federal Reserve Bank of Chicago formally opened on November 16, 1914. At first such business as came to it, particularly along discounting lines, was from larger banks in Chicago which, in an effort to show a spirit of coöperation, sent the Federal Reserve Bank some business of a more or less complimentary nature. Little came that was a direct result of the needs of the time. By the end of the year, however, banks throughout the states of Iowa, Illinois, and Indiana had begun to use the discounting privilege to some extent because of local emergencies growing out of an epidemic of "hoof and mouth disease" among cattle. By the autumn of 1915, even before the bank was a year old, its discounting service was finding an important outlet in these same states because of the poor and unmarketable corn crop in many sections. Between the opening of the Federal

Reserve banks and the end of the year 1915, one hundred Illinois banks, the greater part of which were country institutions, availed themselves of the discount privilege. Compared with the total sum of $839,123,000 with which the Federal Reserve Bank of Chicago accommodated the two hundred and twenty-four banks in the State of Illinois, during the year 1925, the amount loaned the one hundred banks in 1915 was but a negligible figure.

Early in their career the Federal Reserve banks were confronted with the problem of establishing a system of check collection, for the Act required that each Federal Reserve bank perform the functions of a clearing house for its members if so directed by the Federal Reserve Board. The Board in turn was authorized to clear for the Federal Reserve banks themselves. Many attempts were made to effect a usable scheme for such a clearing system, but each in turn met with determined opposition from country and city banks alike in all parts of the country. This difficulty grew mainly out of the fact that it had been customary to make exchange charges which would be eliminated by the Federal Reserve system of check collection. This privilege suddenly became very precious and bankers everywhere maintained that the Federal Reserve banks were attempting to take away one of their important sources of profit.

In the beginning the Federal Reserve banks were not expressly authorized to accept checks for collection unless they were drawn upon member banks or other Federal Reserve banks. Member banks, however, were constantly receiving checks upon non-members as well as members, and since they frequently acted as agencies through which non-member banks collected the checks which they received, it soon developed that were the Federal reserve banks to undertake to collect checks on members only, a vast majority of such checks would pass through the Federal Reserve banks while those on non-members would be collected through agencies. It was feared that were such a system to prevail for long, a great injustice would be worked on member banks who would be at a disadvantage in their efforts to retain proper reserves. Because of this situation, Congress in 1916 and 1917, amended the Federal Reserve Act to authorize the collection of checks on non-members as well as on members. The amendment, however, continued to require that all checks be collected by the Federal Reserve banks at par, for it was plain that were member banks required to pay their checks at the full face amount while non-members might clear through the Federal Reserve banks at less

than par, a great inequality would result. Under this amendment also all member banks were required to remit to the Federal Reserve Bank of Chicago at par on their own checks, whereas it had originally been a voluntary matter.

The check collection system of the Federal Reserve Bank of Chicago had gone into operation on November 16, 1914, the day the bank opened for business. This service then consisted of taking checks from member banks for immediate credit, provided they were drawn on member banks located in Chicago and the seven reserve cities of the Seventh district—these seven cities then were Detroit, Milwaukee, Indianapolis, Des Moines, Davenport, Cedar Rapids and Peoria, which was not then a reserve city, but which later became one. On December 3, 1914, the service was enlarged to include all items drawn on member banks located in these cities, and on December 16 the Federal Reserve Bank of Chicago began taking checks drawn upon all of the Federal Reserve banks for immediate credit. As early as April 7, 1915, member banks in the Seventh district were advised that a voluntary inter-district collection system would be established and that items would be received for immediate credit at par from those banks joining it, provided they were drawn upon banks which were members of the collection system. In June this arrangement went into effect, not alone in the Seventh district, but throughout the country.

By the middle of June the Federal Reserve Bank of Chicago began receiving items from member banks on all Chicago clearing house banks, whether or not they had joined the collection system and, in addition, checks and drafts on the Federal Reserve Banks of Boston, New York, Philadelphia, and St. Louis were received for immediate credit, except when the amounts exceeded ten thousand dollars. In that case the Chicago banks reserved the right to receive these items at the market rate of exchange on the cities from which they came.

Almost from the outset the development of the check collecting function proved to be one of the most difficult problems the management of the Federal Reserve banks had to reckon with and the subject soon became a source of bitter controversy which in other districts became the cause of long-drawn-out court litigation.

Although gratifying results were obtained after the amendments of 1916 and 1917, there were still large numbers of non-member banks who insisted upon maintaining their "right to charge exchange," and

many of these went so far as to secure injunctions against the Federal Reserve banks of their respective districts with the object of preventing them from undertaking to collect checks drawn upon opposing banks.

As a result, the Federal Reserve banks undertook an active campaign urging par collection for the benefit of the general public and the business of the country. This was staged during 1919 and in most sections notable progress was made. Whereas in 1918 there had been in the whole United States 8,692 members and 10,305 non-members remitting at par, and 10,247 non-member banks not on the par list, by the end of 1919 the number of non-par banks had been reduced to 4,015. In 1920, after still more activity on the part of the Federal Reserve banks there remained only 1,732 non-par banks, all of which were confined to the Fifth, Sixth, and Eighth districts.

By this time, in spite of the fact that practically the whole country was on a par collection basis, agitation continued to appear which originated both from political sources and from the continued discontent of those bankers who were of the opinion that in removing their ability to charge exchange the Federal Reserve banks were securing an advantage at their expense. It must be remembered, however, that the plan for par collection was not an arbitrary one devised by Congress and imposed upon the banks of the country. There had been sections long before the establishment of the Federal Reserve System which had begun to remit at par, and in all parts of the United States country clearing houses were being established for the purpose of reducing exchange charges. The establishment of par collection by the Federal Reserve banks was, therefore, the result of a gradual growth and change in banking methods. To be sure, the Federal Reserve banks did all in their power to hasten the culmination of this tendency toward par collection, but without the previous development of the idea, such a plan could never have been so rapidly developed.

By 1920 cases began to come into the courts and some of the state legislatures attempted to enact laws making it illegal for Federal Reserve banks to make collections upon non-member banks in those states without the payment of exchange. Most of these laws were enacted without any thought to their ultimate effect on the banking interests of these communities, but aimed only at the right to charge exchange, and they attempted to accomplish that one thing without regard to other factors which might make the charging of exchange an actual detriment to the banks affected. Also those in violent oppo-

sition to the Federal Reserve banks disregarded the fact that the Federal Reserve Act had always made provision for reasonable charges to cover the actual expenses involved in check collection.

Thus, for many years the par collection controversy waged, with the Attorney-General of the United States offering the opinion that Federal Reserve banks might not pay exchange charges to banks, although they might decline to receive checks which they could collect only by sending to those banks imposing a charge; with state legislatures enacting often very absurd laws for the supposed protection of banks desiring to make an exchange charge. In Illinois, however, this controversy never assumed the prominence it did in those states where the matter was carried into the courts and fought bitterly. Doubtless the feeling was as intense among some of the banks of Illinois as in other sections, but it was the good fortune of this state that eventually the difficulties were settled without too much unpleasantness, and to the general satisfaction of all. The par clearance requirement was eventually able to triumph over the doubts and fears which, during the thick of its difficulties, had been expressed even by members of the Federal Reserve Board itself.

After all, it is the business interests of the country which profit most from a system of par collection, although they have been slow to recognize the help received, while those who do appreciate the value of such a system have been exceedingly tardy in taking any positive point of view on the matter lest they thereby offend such of their bankers as have not been friendly to the system. As a matter of fact, par collection was necessary in order to direct checks and drafts to reserve banks and thereby keep reserve balances in an active state, so as to prevent them from becoming dead sums of cash held for no reason except that the law required it.

Closely dependent upon the question of par collection was the establishment of the Gold Settlement Fund. It was this means that made inter-district clearing effectively possible and which thereby enabled the Federal Reserve System to have the funds of the country always at the spot where they were most needed. The provision of the Act allowing the Federal Reserve Board to act as a clearing house for the several Federal Reserve banks made possible the Gold Settlement Fund, the first agitation for which came from within the System itself when in 1915 there was a movement to have the Board designate one of the Reserve banks as a clearing house for all twelve. The Federal Reserve Bank of Chicago presented itself as a candidate

for such designation, but the Board promptly ended any discussion of the matter or controversy between banks by announcing that it would itself serve in the capacity of a clearing house. This promise was carried out when on May 8, 1915, the Gold Settlement Fund was established which first required that each Federal Reserve bank deposit the sum of one million dollars, plus the amount of its indebtedness to other Federal Reserve banks, with the Treasurer of the United States or at any sub-treasury. This fund, operated by the Federal Reserve Board with the close coöperation of the Treasury Department, was at first used for settlements effected only once a week. On Wednesday of each week the Federal Reserve banks would transmit to the Board advices of the amount of their debits and credits to each other. On Thursday the settlements were made and a telegram then sent to each bank giving the amounts which all other Federal Reserve banks had reported as due, together with the net amount by which each was debtor or creditor at the clearing. This information was entered upon the books of the bank in the shape of debits and credits to all other banks involved and thereby was eliminated the necessity of making currency shipments from one Federal Reserve bank to another.

The working of the Gold Settlement Fund was a success almost from the beginning and its efficiency in bringing about the balancing of accounts between Federal Reserve banks won for it friends from among the most strenuous objectors to the assumption of this clearing function by the Board. The frequency of clearing was advanced to a daily basis early in 1918 when, largely because of war-time transactions, the volume of business became very heavy. Each year since then the volume of balances settled has increased and through the cooperation of this Fund, the value of the Federal Reserve System to the business of America has been greatly enhanced.

While it is not a matter of great significance, it is interesting to recall that the first withdrawal from the Gold Settlement Fund was made by the Federal Reserve Bank of Chicago. This took place on July 14, 1915, when at 10:30 A. M., the Chicago bank sent a telegram to the Federal Reserve Board requesting a certain sum. At two o'clock that same afternoon the Assistant Treasurer of the United States at Chicago advised the bank of his readiness to make the desired payment. By the middle of November, just four months after this initial transaction, the Gold Settlement Fund passed the one hundred million dollar mark.

Prior to our entry into the war, the newly authorized discount operations of the Federal Reserve System were comparatively small. As a result of the Federal Reserve Act there came a rather prompt restoration of nearly normal trade relations, an influx of European gold, and a lowering of reserve requirements, all of which worked toward a lessened need on the part of the banks for additional funds to care for the needs of their customers. Even as late as April, 1917, there was no inter-district discounting. Consequently, open-market operations of the Federal Reserve System were of considerably more importance than its rediscounting business, but even open-market transactions during the first two years of the banks' operations were kept at the lowest possible level, and generally used only so far as was necessary to meet expenses which, in most districts, could not be done out of income derived from the small amount of discounting performed.

In the year 1916 the Federal Reserve Bank of Chicago had a total membership of 922. Notes were then rediscounted for only 212 of these banks. In all, the rediscounting operations of the Chicago bank for that year totaled $23,178,116.94, with rates ranging from three and one-half to five per cent, depending on maturity. Of this amount $16,065,839.77 was composed of commercial and industrial paper, the remaining $7,112,277.17 consisting of agricultural or live-stock paper. The commercial paper included $105,177.45 of trade acceptances.

During this same year the rediscounting privilege was made of greater value to the country by an act of Congress which empowered the Federal Reserve banks to discount the fifteen-day notes of member banks, providing they were secured by paper eligible for rediscount or purchase. This privilege was especially appreciated in larger financial centers and almost immediately eight Seventh district banks availed themselves of the arrangement to the amount of $5,417,500.

It is a matter of regret that the Federal Reserve System did not become operative in sufficient time to serve the country in the crisis brought on the financial and business world by the outbreak of the European War. The machinery of the newly created system was not actually set in motion until November 16, 1914.

No period of the world's financial history has presented graver problems to the banking community than this in which the Federal Reserve banks began operations. Following the outbreak of hostili-

ties in August, 1914, the commercial world had been seriously disrupted; international financial relationships swept aside, and security markets completely demoralized. The whole machinery of trade and finance was thrown into a state of chaos. America, with her Federal Reserve System not yet in operation, was forced to use the provisions for emergency currency under the Aldrich-Vreeland Act, and in many places stock exchange and clearing house certificates were used. By the date of the opening of the Federal Reserve banks, the first shock of the crisis had spent itself, although much still remained to be done, and immediately the new System became a great stabilizing influence which quickly aided a return to conditions as nearly normal as was to be possible for many years to come.

For months the Reserve Bank Organization Committee had been busy preparing an efficient groundwork on which the new System might operate. It was largely through the efforts of this committee that the boundaries of the twelve Federal Reserve districts were established whereby the state of Illinois was divided between the Federal Reserve Banks of Chicago and St. Louis. The northern part of the state, including "all that part of Illinois located north of a line forming the southern boundary of Hancock, Schuyler, Cass, Sangamon, Christian, Shelby, Cumberland, and Clark Counties," was made tributary to the Federal Reserve Bank of Chicago, all below that line to St. Louis. In other words, the State of Illinois was divided by a zig-zag line starting just south of the Missouri-Iowa boundary and terminating a little below that place where the Wabash River becomes the eastern boundary for the state. The section tributary to Chicago was in the Seventh Federal Reserve district, that tributary to St. Louis in the Eighth district.

For a number of years the various Federal Reserve banks were required to carry out their operations from temporary quarters which, largely because of war conditions, were not always either adequate or convenient. The Federal Reserve Bank of Chicago first occupied two floors of the Rector Building on the southeast corner of Clark and Monroe streets. Then as its business was expanded, the bank found it necessary to increase its quarters by the addition of some six or more floors in the Rector Building, several floors in the building across the street known as 107 West Monroe Street, and some space in the Rookery Building on La Salle Street, where the fiscal agency activities for the United States Treasury Department were conducted until the close of the War. This last department subsequently

moved to the Kimball Building on the southwest corner of Jackson Boulevard and Wabash Avenue. Then, as time went on, it became necessary to rent extensive warehouse space and, finally, two floors of each of the two buildings on the east side of Clark Street, adjoining the Rector Building on the south. Much of this rented space had to be remodeled to help house the then sixteen hundred employees of the bank.

Nevertheless, these quarters were so inadequate and employees of the bank were required to work under such difficulties that when finally the institution's own modern and spacious building was completed it took members of the organization several weeks to become accustomed to passage ways between desks and machinery entirely free from all barriers. Furthermore, some of the temporary quarters had been extremely unpleasant in other respects. One building had been overrun with rats, methods for exterminating which did not produce such good results as might be desired. Some of the departments were so scattered that stenographers were forced to travel across crowded downtown streets, or ascend as many as three flights of stairs to reach the offices of their chiefs.

Under such conditions it is plain that adequate methods for protection, among other things, were not available and, as a result, officers of the bank were kept in a state of constant tension. To be sure, money was not kept in the bank's rented quarters, but was given the safeguards provided by vaults of some of the larger downtown banks. However, there was constant fear lest some danger come to the institution as a result of war propaganda. Shortly after the United States entered the War, the Government Secret Service Department notified the officers that there had been unearthed a plot to blow up the Federal Reserve Bank of Chicago. Were this allowed to culminate, while there would be no loss of actual money, the destruction of life and property would be terrific. Consequently, the whole organization was put under heavy guard and for several days affairs remained at high tension.

At this time it was customary for the officers of the bank to hold all meetings at Rector's Restaurant in the basement of the building which housed a large number of the bank's departments. One such meeting was held shortly after the plot had been revealed. James B. Forgan, President of the First National Bank, who was in attendance at this meeting, was then suffering from an ailment which required that he add a certain chemical to his food. He car-

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ried the medicine about in small flasks, each just large enough to hold one dose. One of these tiny bottles was placed on the table before Mr. Forgan and while the bankers were deep in conversation, its cork suddenly popped. For a moment panic reigned. Everyone believed that a bomb had exploded, but as soon as the feeble cause of the disturbance was discovered, the officers of the Federal Reserve Bank of Chicago took much pleasure in laughing at one another for their obvious display of "nerves."

Thus, after years of working conditions which were far from ideal and which greatly complicated problems of administration, it became essential to efficiency and economy that all activities of the bank be conducted under one roof. Then the ground on La Salle Street between Quincy Street and Jackson Boulevard was bought and a building designed. Work of construction was rushed and, by the closing days of April, 1922, several departments were in a position to occupy quarters prepared for them in the new Federal Reserve Bank Building, an imposing fourteen-story structure of gray stone with columns and ornamentations, every line giving the impression of stability which is characteristic of the system for which it stands.

CHAPTER XXIII

WAR CONDITIONS

War demand for products of America—Business and banking activities in Chicago—Monetary conditions—Increase in scope of national banks—Interest rates, prices and wages—Chicago's "Peace Credits"—Loan to China—Flotation of Liberty Loans and sale of War Savings Stamps.

At the beginning of 1915 the business of America was in a position to be resumed. This was the expected sequel to the opening of the stock exchanges, which had been forced to close upon the news of the outbreak of the war and to remain so until the close of the year 1914. By the early months of 1915, the war had followed its course of destruction to such an extent that the Quadruple Entente, composed of Great Britain, France, Russia, and Italy, the latter having declared war against Austria on May 28, found itself in desperate need of the output of American agriculture and industry and, since this source of supply was limited considering the vast portion of the world dependent upon it, American producers quickly found themselves in a situation where they might name any price they chose for their products. At first it was only the steel trade that was extremely affected, but soon one industry after another was drawn into the favored class until there remained practically none which did not boom in every branch.

Chicago as a central market for grain, meat, and steel, became likewise a center for feverish productive activity, and from her markets there flowed a constant stream of munitions and food supplies to be used abroad. The city, like other parts of the country, quickly emerged from a situation in which unemployment was everywhere found to such an alarming extent that special commissions had to be appointed to find a way of taking care of the idle during the winter months, to a state of affairs in which not only was there no unemployment, but such a dearth of available labor that production could not cope with the orders on hand, and both factories and transporta-

tion facilities were gorged and choked with products that could not be moved as rapidly as conditions demanded.

With a congested stream of agricultural and manufactured products leaving the city, it is to be expected that a proportionately large supply of money would flow in, which, indeed, was the case. When the state auditor made his call for statements during the month of May, it was learned that the combined deposits of both national and state banks in the city of Chicago were in excess of $1,050,000,000, representing an increase of approximately twenty-one million dollars since the last previous call. More than fifteen million dollars of this amount represented the increase taken by a single large downtown bank which was in a position to receive funds from great distances. Every man, woman, and child seemed to have money in great profusion and, although the rule "easy come, easy go" was in active operation and enormous sums were squandered on luxuries of little worth, there was a sufficient surplus to permit an ever increasing amount to enter the channels of savings and investment. Banks found it to their advantage to increase the scope of their service so as to attract more of the otherwise squandered funds to their vaults, and there soon developed countless schemes for increasing bank deposits which previously would not have been considered properly dignified for financial institutions. Free services were broadly advertised and in time even gifts and premiums were offered to depositors, often savoring of the ridiculous. Banks which began by giving flags and pictures of the President soon degenerated to the place where even mirrors and pocket combs were given "free" with new accounts.

Under this pressure, the national banks, which had long stood as bulwarks of conservatism, felt the strain so greatly that they applied to the Federal Reserve Board for permission under the Federal Reserve Act, to include trust departments in their organizations. Upon due consideration this permission was granted, much to the discomfort of state institutions in some sections where they had depended on such departments to give them a much coveted advantage over competing national banks. In Illinois the feeling reached such a height that State Auditor Brady found it advisable to consult the Attorney-General who announced himself as holding the position that, while the Federal Reserve Act provided for trust departments in national banks, the State of Illinois should not take upon itself the responsibility involved in abiding by that decision. These departments, he maintained, were actually under state instead of

national supervision and, since state bank examiners had no power to make examinations in isolated departments of national institutions and could make such examinations only on sufferance, the state was not in a position to foster or be responsible for trust departments in national banks.

In spite of the fact that the banks vied with one another in an effort to put as much of the available supply of money as possible into their vaults, during most of the year they were faced with a situation which, strangely enough, combined abnormally low interest rates with a sustained upward movement in general business. There was so great a plethora of loanable funds as to keep rates at a point where the large banks could not secure a proportionate share in the big profits realized in other lines. The importations of gold were unprecedented and, since the Federal Reserve System was not yet in complete operation, there was not adequate machinery for contracting the currency that might keep conditions somewhere near normal. In fact, the situation was so difficult that bankers decided that, were it to continue for much longer, it would be necessary to adopt a new basis of operations, putting every account on its own merits. This was to be done by charging directly for services rendered to customers and by adjusting interest payments to the fluctuations of the money market. Large numbers of accounts in that period of plentiful money were handled on an insufficient margin of profit, while the unprecedented volume and number of transactions passing through the banks indicated that there was more business than ever before in the country's history, and it was plain that a very generous portion of this increased business activity centered about that section of the country from which Chicago drew its trade and bank balances. Nor must one be misled into believing that all this was war business. Domestic affairs were prospering to a point where business of a permanent character, as well as that supplying war industries, had increased and was experiencing a steady expansion.

During the following year, clearings of Chicago's banks amounted to $20,541,000,000; more than a four billion dollar gain over the year 1915, which gain alone was greater than the total amount of clearings in the city in 1896. Never before had the volume of trade in the territory tributary to Chicago been so great nor had there been such an urgent demand for labor on a rising wage scale or so insatiable a demand for all kinds of farm products, raw materials, and manufactured goods at ever increasing prices. During the year

1916 the stream of money flowing into the west, chiefly through Chicago, was comparable to the vast shipments of gold constantly arriving at New York. It seemed that the supply of money was inexhaustible and the banks continued to be burdened with a surplus of funds. Expand as they might, the packing houses, steel mills, automobile and implement makers, car shops, and other branches of industry were rushed to the limit of their capacity. Railroads could not handle the freight given them and the clogged outlets for all these manufactured products which had been a great problem in 1915, now stood definitely in the way of that extreme prosperity which might otherwise have been attained.

Rising prices, more than any one other situation, characterized the year 1916. Such industries as were able to raise their prices with great rapidity likewise increased wages with porportionate generosity. The United States Steel Corporation, for example, to which prosperity came first among the larger industries, gave its employees three increases of ten per cent each during the year which, because of the cumulative effect of each succeeding ten per cent, made an actual wage increase during the year of thirty-three and one-tenth per cent. In many industries, however, the policy was not so thoughtful of employees or rising prices did not come so soon, thus making increased wages impossible; in these, men and women had to learn in one way or another to adjust themselves to ever rising prices for necessities while their income remained stationary or grew at a far less rapid rate than did expenditures.

During the year 1916 the bankers of Chicago played an important part in world financing through a system of "peace credits" which enabled the French Government to place large orders with Chicago manufacturers for machinery and other supplies to be delivered to French business concerns. These purchases were to be paid for through credits extended by various Chicago banks and the arrangement was to become effective at the close of the war. The machinery purchased under this plan consisted largely of agricultural implements and factory equipment.

Likewise, Chicago, through the Continental and Commercial National Bank which had associated with it in the undertaking, the firm of Chandler and Company of New York City, made a loan of five million dollars to the Republic of China through its Minister at Washington, Dr. V. K. Wellington Koo. Levi Mayer of Chicago represented the Chinese Government in the negotiations and secured

for his client a six per cent loan to mature in three years. After Secretary of State Lansing gave his formal approval to this action of the Chicago bank, the bonds were sold over a wide market at a price of $97.50 and interest to net the investor about 6.90 per cent.

The beginning of 1917 found generally satisfactory business conditions in the Seventh Federal Reserve district, and the annual report of the St. Louis bank for that year described business as on a high level in the area surrounding that city. Illinois member banks rediscounted with the Chicago institution to the amount of $287,592,763, while St. Louis was called upon for only $3,270,141. Throughout the subsequent year, 1918, the greater portion of the Chicago Reserve bank's earning assets was represented by discounts for member banks involving United States Government war obligations as security in one form or another. "On January 2, 1918," says the Fourth Annual Report of the Federal Reserve Bank of Chicago, "the percentage of the 'Bills discounted' by this bank representing war financing was twenty-five per cent. Until September 13 there was no segregation on our ledgers of the item 'bills discounted' into paper given for the purchase of government obligations and paper given for commercial or industrial purposes. Figures available after September 13 show that of total 'bills discounted' as high as seventy-seven per cent was war paper, while the lowest percentage shown in the subsequent weeks of 1918 was sixty-two per cent." The middle of the year found nearly all banks in the district short of funds, their previous surplus by that time having been largely absorbed by the successive Liberty loan issues and "anticipatory issues of certificates of indebtedness." A similar situation prevailed in the Eighth district where during the year sixty-one different member banks received accommodation totaling $46,677,210, a large increase over the figure given above for 1917. The Chicago bank cared for the discounting needs of one hundred and sixty-eight members, to the amount of $1,741,500,084.

This briefly outlines the trend of activity other than fiscal agency functions carried on by the two reserve banks caring for the needs of Illinois banking during the war years. A detailed discussion of Liberty Loan and certificate of indebtedness operations shows graphically the monumental work carried on by the Federal Reserve System in assisting the prosecution of the war.

Some days prior to the actual declaration of war with Germany—April 6, 1917—this inevitable move had been plainly foreseen.

Therefore, the tenth conference of governors of the Federal Reserve banks, which met at Washington on April 4 to 6, thoroughly discussed financial problems contingent upon an actual state of war. Mr. McAdoo, then Secretary of the Treasury, informed the governors that he would act under that section of the Federal Reserve Act which vested in him the power to require the Federal Reserve banks to act as fiscal agents of the United States Government. On May 14, the Secretary definitely made good his promise by sending out a circular which designated the Federal Reserve banks as "fiscal agents of the United States, to collate applications (for Liberty Bonds) and to give notices of the allotments which the Secretary of the Treasury will eventually make to subscribers, and to issue interim certificates for payments made on loan subscriptions."

On May 4, 1917, however, there had been held in New York a meeting of over sixty representatives of various banking groups. Governor Benjamin Strong, of the Federal Reserve Bank of New York presided, Secretary McAdoo was present, as were also Messrs. Gates W. McGarrah, President of the Mechanics and Metals Bank of New York, Frank C. Vanderlip, President of the National City Bank, New York, and Jacob Schiff of Kuhn Loeb and Company. Mr. McAdoo told this meeting of the imperative need for keeping production and prosperity at the highest point. To do this, he said, adequate profits were necessary. Also he suggested increasing taxation through lowering the point of income tax exemption and increasing excess profits and consumption taxes, postal rates, and, in general, making tax increases all along the line. In further discussions the fact was brought out that to be successful, war financing must come from new money and future savings rather than from existing capital. Only one thing, it was agreed, could mar the success of the first loan—an upset in the money market—and the problem of avoiding this difficulty was placed squarely on the Federal Reserve banks.

On this same day—May 4, 1917—Governor James B. McDougal of the Federal Reserve Bank at Chicago called a meeting to which he invited representatives of the members of the Chicago Clearing House Association and of the leading investment bond houses in Chicago. These men were organized as the "General Liberty Loan Committee for the Seventh Federal Reserve District." From among their number this group immediately appointed an Executive Committee, which authorized Governor McDougal to send a telegram to

presidents of all clearing houses or of the most prominent banks in every city of the Seventh Federal Reserve district having a population of 5,000 or more. In this telegram the steps already taken toward organization in Chicago were reported and it was suggested that the recipients appoint committees for similar organizations in their respective communities. An almost immediate result was the effective organization of some two hundred communities in the district. Three days later the Executive Committee appointed its members also a Publicity Committee. On both committees executive authority was placed in the control of the Federal Reserve Bank of Chicago by making Governor McDougal chairman of the Executive Committee and W. A. Heath, Federal Reserve Agent, chairman of the Publicity Committee. Furthermore, each of these gentlemen was made vice-chairman of the committee headed by the other.

When first the rumor was spread among bankers that the government would probably ask for two billion dollars on the First Liberty Loan, even the biggest among them—men who were accustomed to talk in figures of magnitude incomprehensible to the layman—were stunned. Millions had always been their largest unit of comprehension. "What is a billion dollars like?" they asked one another, and when they realized that it represented about one-fifth of the country's gold reserve, their first thought was that such a stupendous amount could never be raised. There was not that much money to be had, they said, but they had forgotten to take into account the tremendous credit of America. After all, a war must be fought on credit and not money and in America there was enough credit, if properly handled, to meet almost any conceivable emergency—no banker, no business man doubted that.

The Federal Reserve district which centered at Chicago included all of the State of Iowa and considerably more than one-half of each of the States of Wisconsin, Michigan, Indiana, and Illinois. For convenience in handling the war loans, this territory was divided into six working sections—Cook County, Illinois, including Chicago; Illinois, exclusive of Cook County; and one section covered that portion of each of the other four states coming under the jurisdiction of the Seventh Federal Reserve district. As was to be expected, since the machinery for directing this tremendous undertaking had to be centered in Chicago, it was Illinois people who were to carry the heaviest burden of directing and organizing the Liberty Loan campaigns. First of all, new quarters had to be secured, for the Federal

Reserve Bank was not then in a position to house so tremendous an undertaking. One after another, additional committees had to be found to care for new needs that constantly arose. Nor could any of these be anything but an active working unit. Each had to be under the leadership of men whose long years of accomplishment had proved them capable of meeting the demands of emergency financing on the largest scale yet attempted. The most prominent financiers and business men of Chicago and other communities gave freely of their time and energy, and those who had available suitable office space gave that too, free of charge, so that the many new departments needed to carry on the enormous task of mobilizing the dollars of the middle west for war might be properly housed. Business men gave up pursuits to which a whole lifetime had been given and now spent their days attending meetings at headquarters and putting into execution the plans there arranged. One committee chairman related how not only did those working with him manage to attend at least one meeting of his committee each day, but each also served on a number of sub-committees, solicited subscriptions, made speeches, and, in fact, did whatever else his energy and talents would permit. None of these men kept any of his time for his own affairs.

The first great publicity event of the campaign was launched on May 17, 1917, when Secretary of the Treasury McAdoo visited Chicago and, together with Hon. W. P. G. Harding, Governor of the Federal Reserve Board, who had come from Washington for this occasion, addressed committee members and representative bankers at luncheon and dinner. These addresses were given wide publicity in newspapers throughout the district and so became an important factor in the subsequent successful sale of bonds.

Early in the campaign the Chicago Daily News gave the services of one of its men, Ben McCutcheon, who established himself at headquarters and there built up a miniature newspaper staff, supplying Liberty Loan news to every paper in the entire Seventh district. The coöperation received from editors was so excellent that at times whole papers were turned over to McCutcheon's needs. Many editors, after printing all the press bureau's matter, supplemented it with long articles of their own writing, urging the sale of bonds upon their readers. The Chicago Herald, edited by James Keeley, gave over the entire editorial page for one issue to discussions of Liberty Loan subscriptions. Nor in newspaper publicity alone was the great gen-

erosity of America's business men shown. Every emergency, no matter how professional the talent required, was met. At one time a shipment of posters from Washington was delayed and the need was immediately filled by Chicago's advertising men whose artists produced and had printed seven excellent posters in record time. Also when it was found that it would cost some fourteen thousand dollars merely to have posters distributed by professional agencies throughout the Seventh Federal Reserve district, bankers took this distribution upon themselves and it was accomplished without cost.

Mention should be made in this connection of the organization of "Four-Minute Men," who gave short talks on Liberty Bonds to practically every audience assembled during war years. This, which later became a national institution, probably the largest body of speakers ever organized, was first conceived by a group of business men in Chicago in March, 1917. Donald M. Ryerson of Chicago was first president of the organization and later, when it was taken over as an institution of the government, he went to Washington to take charge there. The first "four-minute" speech was given in the Grand Opera House in Chicago on April 1, 1917, by Mr. Ryerson. Before long the "Four-Minute Men" had not only invaded every corner of the country, but were also to be found in the Philippines, Hawaii, Guam, and the Canal Zone. Throughout its existence the organization was under the guidance of a representative of the city which launched it, for when Mr. Ryerson resigned to go into training at Annapolis, he was succeeded by William McCormick Blair of Chicago as National Director.

So efficient was the First Liberty Loan organization in Chicago that, in spite of the fact that the Seventh Federal Reserve district was composed in large part of agricultural communities whose people were not accustomed to bonds as a business investment and the population of which was so widely scattered that unusual methods of publicity had to be resorted to, the assigned quota for every loan except the first was greatly exceeded in each of the six territorial divisions of the district. Even on the First Loan the Chicago and Cook County section exceeded its quota by seventy-one per cent which, with the help of Michigan—the only other section to exceed its quota —brought the total for the Seventh Federal Reserve district to $351,564,650 instead of the required $298,000,000. This put the Seventh district in second place, with only New York ahead, and it maintained this position throughout all five campaigns.

Although at first the Executive Committee had taken steps to create local organizations in every city having a population of five thousand or more, it was later found more effective to work through a Liberty Loan Distribution Committee, consisting of a chairman for each state. This committee was a sub-committee of the one on "Distribution through Investment Bankers" and was distinctly a sales organization. It comprised a General Chairman, Secretary, and Chairmen for the City of Chicago proper, for Chicago's outlying and suburban districts, and for each of the five states in the Seventh Federal Reserve district. Through it, states were organized by counties so that even the smallest unit of each community could be reached.

The First Liberty Loan campaign was concluded June 15, 1917. Only three and one-half months later—October 1—it was necessary again to put the campaign machinery into motion, this time to raise three billion dollars. Meantime, however, much time and thought had been given to the experience obtained from the first campaign and a number of improvements were made. As the Federal Reserve Bank was the medium through which the Chicago Liberty Loan organization received instructions and guidance from the government, it was important that the chairman of the Board of Directors and the governor of the bank be officers of the Liberty Loan Executive Committee. Governor McDougal, who had been chairman during the First Loan was now succeeded by Chairman of the Board W. A. Heath, and Mr. McDougal assumed the position of vice-chairman which place had been held by Mr. Heath during the First Loan campaign. The membership of the Executive Committee comprised executives of representative banks and bond houses and a representative of the women in the district. This committee had supervision over all active committees and from its membership was appointed Directors of Sales, Publicity and Public Speaking. There was a general broadening of the structure until it effectively penetrated every class and community of the district. As a result, the number of actual subscribers was tripled and, although $351,564,650 had just been given to the First Loan, the District now subscribed an additional $585,786,800.

By the time the Third Loan campaign was launched—April 6, 1918—war time commercial activities had become sufficiently active to absorb much credit. The three billions now asked by the government was in all probability the hardest to secure. However, the campaign organization used in the Second Loan had proved efficient,

few changes now were needed, the workers were experienced, and it was possible for those in charge to give more of the personal touch than heretofore. On May 4, less than a month after its inception, the campaign closed with flattering results, both as to over-subscriptions and distribution. This time the number of actual subscribers was very nearly twice that of the Second Loan. The average subscription on each campaign so far had also grown smaller—an indication of the fact that every American, and not only the man with money, was finding a way to do his bit financially.

Bankers and others who had wondered how the first two billion dollar loan could be raised little thought that within less than a year and a half they would be asked to secure six billions. By the time this amount was asked for the Fourth Loan—September 28, 1918—however, they had come to realize something of the strains that American credit could stand and that, with intense effort and a perfect selling organization, this stupendous amount could be raised. The Seventh Federal Reserve district was assigned a quota of eight hundred and seventy million of the Fourth Liberty Loan. Less than five months had elapsed since the close of the difficult Third campaign, but by now the publicity of three campaigns was having its cumulative effect, the entire organization was in excellent working order, and it was possible to put the country's need effectively before every man, woman, and child of the district. Even the obstacle presented by the fact that the German armies were showing signs of breaking and the people of America were experiencing something of a "let down" was overcome. When the campaign ended on the nineteenth day of October, the largest loan ever attempted in the history of the world had been oversubscribed by $989,047,000. The Seventh district alone had exceeded its quota by 11.40 per cent, its total subscriptions amounting to $969,209,000. The number of Seventh district subscribers increased over the previous loan by about one-fifth and, because of the large amount needed, the average amount of each subscription had also materially increased.

Bankers went through a period of some pessimism immediately before the Victory Loan was launched on April 21, 1919, which was subsequent to the Armistice. It had been suggested that another six billion dollars would in all probability be required and men in active touch with financial affairs did not see how the patriotism of the country could again carry over a loan of this size on terms similar to those previously made, now that the strain of actual warfare had

been removed. However, with the final announcement that only four and one-half billion dollars would be asked and that the subscriber might choose between a four and three-quarters per cent interest rate with limited tax exemption or three and three-quarters per cent with attractive tax exemption features, enthusiasm promptly returned and it was then that the one-time pessimistic bankers had to be guarded lest they permit too large a portion of their own working funds to go to the government. After the campaign closed on May 10, it was found that the Seventh district, which had been given a quota of $652,500,000, had actually subscribed for $772,046,550. This amounted to 118 per cent of the assigned quota, while the country as a whole subscribed to only 116 per cent of its assigned quota.

First, because it seemed that some way must be found to keep idle funds in small amounts from being diverted to the purchase of luxuries, the manufacture of which would deprive necessary industry of its required man power, and later, because war expenses had become so heavy that all available money, even down to the last twenty-five cent piece was earnestly needed, the War Savings Stamp campaign was maintained at almost constant high pressure. Although only a small amount was raised in this way, as compared to the billions secured from the sale of Liberty Bonds, nevertheless, those who pushed the sale of War Savings Stamps deserve great credit for their unceasing efforts. It took constant vigilance, great amounts of effective publicity, and tremendous energy to maintain enthusiasm at that pitch where even the twenty-five cent pieces of the nation would continue to pour into the coffers of the government. In these Savings Stamps—worth four dollars each at the time of purchase and five dollars on maturity—and the twenty-five cent Thrift Stamps which might be accumulated in lots of sixteen for their purchase, were provided a means whereby every loyal American could contribute to war financing. Fifty dollars was the smallest Liberty Bond unit. Even when sold on partial payments, this sum was too large for some purses. War Savings Stamps enabled even the children of the nation to contribute their share and, in return, receive a government security which would increase in par value by about twenty per cent within the subsequent five years.

It is fortunate for America that the Federal Reserve System had been established long enough before our entry into the war to be on a working basis efficient for this purpose. In his report for the year 1917, Secretary of the Treasury McAdoo said in part that the

System had been "of incalculable value during this period of war financing on the most extensive scale ever undertaken by any nation in the history of the world. It would have been impossible to carry through these unprecedented financing operations under our old banking system. The effective machinery afforded by the Federal Reserve banks has permitted the government to execute its plans without a tremor of disturbance."

On July 1, 1916, the entire outstanding bonded indebtedness of the United States Government amounted to only $1,378,124,593. Almost all of this amount was held by financial institutions or men of wealth. During the war, that part of the state of Illinois which lies in the Seventh Federal Reserve district alone subscribed to $1,450,173,950, or more than the country's total bonded debt in 1916. In this connection it is also interesting to note that Illinois' subscription to the war was even greater than that of the whole Dominion of Canada which raised only approximately $1,250,000,000. As a state, Illinois raised her share of the First Loan—the percentage by states is not known—stood in the fourth place on the Second, and in third place on each of the last three campaigns. The Seventh Federal Reserve district, which centered at Chicago, stood second in the nation on each of the five loans. Its subscriptions were exceeded only by those of the Second district which included the City of New York.

CHAPTER XXIV

CERTIFICATES OF INDEBTEDNESS

History of certificates of indebtedness in America prior to the World War—Sale during the World War handled by the Federal Reserve banks—Precautions taken to avoid disturbing the money market—Part played by the Federal Reserve Bank of Chicago —Management of Melvin A. Traylor—Certificates of Indebtedness after the conclusion of the World War.

A notable feature in the financing of the World War was the large part played by the negotiable short-term debt obligations called "certificates of indebtedness."

A certificate of indebtedness may be described as a freely negotiable, short-term, government obligation. It differs from a bond only in the shortness of maturity and from a demand note in its nominal non-convertibility on presentation. In the history of the country such certificates have been issued in almost every conceivable form. Some of them have borne interest, others have not, some have had definite maturity dates, while others were payable at the option of the government and those that did have definite maturities varied all the way from a few days to several years. Some of these certificates have been made receivable for all and some for only certain specified public dues. Some were secured by assigned tax revenues or prospective loan proceeds, while others were protected only by pledge of public faith. Some were issued merely for the direct discharge of certain public debts; others were marketed much as is a funded obligation. Such paper may even be given certain circulation privileges and some has had full legal tender qualities.

During the first century and a quarter of its existence, the United States Treasury issued short-term negotiable obligations which corresponded to certificates of indebtedness on only six occasions. The first four of these followed an inability of the government to sell sufficient long-term bonds to meet pressing needs. The fifth issue was authorized in anticipation of needs for the Spanish-American

War, but hostilities were of such short duration and the trend of events so certain that the certificates were not actually issued at that time. The sixth was to relieve a money stringency. These issues were variously known as "Treasury Notes," "Treasury Bills," "Bills of Credit," and "United States Notes."

The six occasions were as follows:

1.—The War of 1812

Shortly before the outbreak of this war the Colonies had gone through such difficulties as a result of their paper currency that they were violently opposed to any measure which might permit the states of the Union to have any authority for issuing bills of credit. However, it was recognized that the time might come when there could be a legitimate need for these issues, so that, after a heated debate, the Federal Convention of 1789 provided that, while the states were prohibited from making such issues, Congress might do so under the general grant "to borrow money on the credit of the United States." Even this permission was secured only through the fact that the one faction in the debate believed that it effectively closed the door to paper money, while the other was of the opinion that it permitted issues only in the event of great need.

Although this question was thus settled in 1789, it was not until 1812 that advantage was taken of it. Then, after a funded loan to cover the war deficit had met with disappointing public response, authority was sought to issue treasury notes for the unsubscribed amount. Although the measure was much opposed in Congress, the situation was so critical that something had to be done. Eventually the opposition gave in and on June 30, 1812, an act was approved empowering the President to issue five and two-fifths per cent notes maturing in one year and not to exceed five million dollars in amount. These notes were to be receivable for duties and taxes in payment for public lands. The full five million was issued and six months later (February 25, 1813) an additional five million was authorized for the purpose of covering that part of the war debt which had not been met by a sixteen million dollar loan of 1813. In March, 1814, ten million more was authorized and issued, and in December ten and one-half million additional was authorized of which $8,314,400 was issued. In February, 1815, the large sum of twenty-five million was authorized, but this also was more than the situation re-

quired, and of this only $4,969,400 was issued in denominations of one hundred dollars and $3,392,994 in smaller amounts. All five issues made during the War of 1812 amounted to $36,680,794. The total authorizations covering them had aggregated sixty and one-half million dollars.

2.—The Panic of 1837

The second issue of short-term government financing came after the panic of 1837, when there occurred a succession of annual deficits. In three years' time the expenditures of the government had doubled and there had been an actual shrinkage in revenue. This was so pronounced that between the years 1837 and 1843 there was only one year in which the Treasury did not face a considerable deficit. Furthermore, after the charter of the Bank of the United States had expired in 1836, there followed a general suspension which resulted in a marked money stringency. Therefore, to meet both the stringency and the deficit, one-year treasury notes were issued which were not to bear more than six per cent interest. These were authorized to an amount of ten million dollars, and were to be used in payment of public creditors and to be accepted for all taxes and dues. A large part of this issue carried merely a nominal rate of interest.

With this precedent established, no less than thirteen issues and reissues, amounting in all to $47,002,900, were made under eight successive acts between 1837 and 1844. These notes met a situation in which neither bond issues nor bank loans were feasible, and the system worked so well that it was generally agreed that treasury notes, such as these which had a definite maturity date, were decidedly different from those payable on demand; that the maturing notes, unlike the others, were not just that much more paper money thrown upon the country, and were therefore to be commended for use in future emergencies.

3.—The War with Mexico, 1846

The declaration of war against Mexico on May 13, 1846, came shortly after a reduction in the tariff. Therefore, Congress authorized an issue of treasury notes to provide for the anticipated deficit which might be expected to result from both sources. These treas-

ury notes, together with an issue of six per cent stock made at the same time, were not to exceed an amount of ten million dollars. The notes were similar to those of the issues of 1837 to 1844, and the same plates were used in printing them. Their denominations were not less than fifty dollars and they were re-issuable within the term of maturity. They were to be given in direct payment to such public creditors as would receive them and were also to be used by the Treasury in borrowing money to be applied on public debts.

Six months later the amount was increased to ten million of the notes, and a second issue of twenty-three million of one or two-year notes was authorized, subject to reissue and receivable in payment of all public dues. These last were callable on sixty days' notice and were fundable into six per cent bonds. In all, there were issued in the two years following the declaration of war $7,687,800 of the notes under the act dated July 22, 1846, and $26,122,100, including reissues, under that of January 28, 1847. All of these carried an interest rate of five and two-fifths or six per cent, with the exception of $1,766,450 of the earlier issue which bore a nominal rate of one mill per cent a year.

4.—The Panic of 1857

After specie payments were suspended as a result of the panic of 1857, what had been a satisfactory treasury balance rapidly approached a condition of being a disturbing deficit. The closing of banks had brought business so close to a stand-still, that revenues were cut off to an alarming extent. Therefore, to tide over this situation, Congress, on December 23, 1857, authorized the issue of one-year treasury notes "for such sum as the exigencies of the public service might require." However, this amount was not to exceed twenty million dollars outstanding at any one time. The notes were to be issued at par in denominations of not less than one hundred dollars with interest at not more than six per cent. They were to be receivable for all public dues and, when redeemed, might be reissued within the period of final maturity. The entire twenty million was issued and together with reissues a total amount of $52,778,900 was put out at rates varying from three to six per cent.

5.—The Civil War—1860

As some of the treasury notes issued in 1857 were still outstanding, Congress authorized a loan on June 22, 1860, of twenty-one

million dollars in ten- twenty- year bonds. While this loan was being placed, however, the approaching Civil war upset the money market to such an extent that it was impossible to sell more than one-third of the issue. To meet the deficit, Congress in December authorized an issue of one-year treasury notes in denominations of not less than fifty dollars to an aggregate of not more than ten million dollars. These were to have carried a six per cent interest rate, but it was provided that the Secretary of the Treasury might change this rate if he found it necessary. Apparently this necessity was very great for only some seventy thousand were ever issued at six per cent. The remainder commanded all the way from seven to twelve per cent. Nearly half of the the issue carried the higher rate and bids were actually received, but not accepted, at rates ranging from fifteen to thirty-six per cent.

The act of March 2, 1861, was the first emergency revenue measure which was expected to supply funds for the Civil war. It provided that in the event the bonds offered could not be floated in sufficient amount, treasury notes to mature in two years, unless called for earlier redemption, might be issued. These actually were issued to an amount of $35,364,450.

On March 1, 1862, a bill was passed allowing the issue of certificates of indebtedness for the amount due on audited and settled accounts. It authorized the Secretary of the Treasury to issue certificates for the whole or any part of the accounts due him to any creditor who would accept such payment. These certificates were to carry six per cent and to mature in one year, or earlier if the government so chose. A number of other acts authorizing such issues followed, and during the last three years of the war substantial amounts of short-term paper were issued; these amounted to some fifty million dollars in 1862, one hundred and fifty-seven million in 1863, one hundred and sixty-nine million in 1864, and one hundred and thirty-one million in 1865. All were used either as collateral in procuring bank loans, or directly as a form of currency. At the end of 1866 twenty-six million four hundred thousand dollars worth of these certificates were still outstanding and practically all were paid off within the following twelve months.

6.—Certificates Authorized in 1898 Issued in 1907

In anticipation of the expense of the Spanish-American War, an act was passed on June 13, 1898, which authorized the Secretary

of the Treasury to issue certificates of indebtedness in denominations of fifty dollars and multiples thereof at an interest rate of not more than three per cent and with a maturity of not more than one year. In all, this issue was to be limited to an outstanding volume of one hundred million dollars. It was expected that these certificates would meet the needs of the Treasury until the proceeds of war taxes and loans could be made available. However, the war was of such short duration and so successful that it never became necessary to make use of the funds.

Nine years later, in the great money stringency that accompanied the panic of 1907, the Act of 1898 was put to good use. Of the one hundred million dollars authorized by it, $15,436,500 in these certificates were actually issued and were used by the banks for increasing circulation and for securing public deposits. On March 3, 1908, the Treasury purchased $1,250,000 of these certificates and the remainder was called for redemption at maturity—November 20, 1910.

World War

Up to the time of America's participation in the World war the Federal Reserve banks, which were to play so great a part in the distribution of certificates of indebtedness, had been limited in their fiscal functions to receiving funds from government collectors of customs and internal revenue, and to paying warrants drawn upon the Treasurer of the United States and coupons on United States bonds. Upon our entry into the war, however, these functions and responsibilities were expanded to include the sale and redemption of certificates of indebtedness, liberty bonds, and war savings certificates, and to take care of all the details connected with this financing. The Federal Reserve banks entered into this new phase of their fiscal duties in so vigorous a way that soon practically all other departments had been made subordinate to those which were assuming the tremendous task of successfully financing the war.

The first certificates of indebtedness handled by these banks were authorized under the revenue act of March 3, 1917, which permitted the Secretary of the Treasury to borrow from time to time "such sum or sums as, in his judgment, may be necessary to meet public expenditures, and to issue therefor certificates of indebtedness in such form and in such denominations as he may prescribe." The rate of interest on these certificates was not to exceed three per cent,

their maturity was not to be more than one year from the date of issue, and not more than three hundred million dollars, par value, of the certificates were to be outstanding at any one time.

Under this authority, the Treasury borrowed fifty million dollars from the twelve Federal Reserve banks on March 27, in anticipation of taxes due the following June. Of this amount the Federal Reserve Bank of Chicago was allotted five million dollars, for all of which it subscribed. This first loan differed from all that were to follow in that it was purchased outright by the Federal Reserve banks and held by them. With all subsequent issues, the Federal Reserve banks acted chiefly as a sales organization for the purpose of securing a wide distribution of the certificates among banks in their respective districts.

Since, even with the aid of this initial loan of fifty million dollars, it would not be possible for the country, after its entry into the war, to rely entirely upon the income from internal revenue and customs duties, new sources had to be found at once, both for the use of the United States and also for such assistance as the Allies would require. As a first step in meeting this need, Congress passed an Act, approved on April 24, 1917, authorizing an issue of Liberty Loan bonds amounting to not more than five billion dollars and carrying an interest rate of not more than three and one-half per cent. It also specified that these bonds were to be convertible into those of any subsequent issue which might carry a higher interest rate.

To facilitate this program and also to take steps for avoiding such a disturbance of the money market as must result from borrowing several billion dollars at one time, the same Act included an authorization for the issue of certificates of indebtedness of which not more than two billion dollars, par value, were to be outstanding at any one time. These likewise were to carry interest not to exceed three and one-half per cent. As a result of this authorization, the first certificates of indebtedness issued in anticipation of an issue of Liberty Loan bonds were offered on April 25, 1917. These certificates were actually issued in an amount of $268,205,000, and of this amount the Federal Reserve Bank of Chicago took $16,400,000, which was distributed among one hundred and thirty-five subscribers.

Subsequently, it was found best to increase the amount of these certificates outstanding at any one time and to authorize issues at somewhat regular intervals. By this plan it was possible to keep the demands for money on the part of the government in a rather

close adjustment with the return of funds to the banks of the nation as a result of government expenditures, and thereby maintain a condition of stability on the money market. In this way it also became possible for the Treasury Department to build up and maintain suitable deposits in all parts of the country, both in the Federal Reserve banks and in other designated depositaries.

Throughout most of the war period, therefore, certificates were issued at approximately two-week intervals in amounts which climbed from a low point of one and one-quarter billion dollars of total certificates outstanding at one time in 1917, to a high outstanding amount of more than six and one-quarter billion dollars in April, 1919, and then again declined during the remaining period of the war and the long siege of debt payment that followed.

In anticipation of the first Liberty Loan bonds, four issues of certificates of indebtedness were made, aggregating $868,205,000. Of this amount the Federal Reserve Bank of Chicago distributed $77,693,000 among a total of 1,348 subscribers.

In making these offerings it is probable that the Federal Reserve Bank of Chicago met with more sales resistance than any other Federal Reserve district, and certainly it met with a great deal more resistance than in similar financing abroad. This was due to the fact that the territory including the state of Illinois contains more banks than any other Federal Reserve district of the country, and these banks serve a district that is mainly agricultural.

Were such sales efforts to be made in England, France, or Canada, where a system of branch banking had been highly developed, the problem would be comparatively simple, for then only the small number of parent banks would have to be consulted and thereby the whole system could be reached. Even in the district served by the Federal Reserve Bank of New York the problem was greatly simplified by the fact that there a comparatively small number of banks own so large a part of the total banking resources of the country that large amounts of certificates could be distributed with comparatively small effort.

The problem confronted by the Federal Reserve Bank of Chicago, however, indicated in an extreme way the difficulty of securing perfect coördination in a system of highly developed individual banking. Even though the Federal Reserve System had been in operation for three years at this time and held within its membership two-thirds of the banking resources of the country, it carried

only one-quarter of the total number of individual banks on its membership lists. This plainly indicates to what a large extent very small independent banks existed in America. In the agricultural sections served by the Federal Reserve Bank of Chicago, this condition was far more extreme than in the nation as a whole.

Furthermore, the small bankers of Illinois and the surrounding country had run their own affairs in their own way for so many years, that they were unable to think in terms of the magnitude of war financing. Most of them had long held the opinion that a properly conducted bank should not show any appreciable amount of bills payable, and so they could not contemplate with equanimity the withdrawal of any large amount of their resources even on the security of the United States Government. They were not at first able to understand that in time of war it was for their own good and that of their communities to give the government first call on their resources and they held back their funds against the needs of the farmers in their seasonal borrowings.

With constant urging, however, the Federal Reserve Bank of Chicago succeeded in increasing the number of subscribers for successive issues until the one hundred and thirty-five of the first issue in anticipation of the first Liberty Loan bonds reached a total of eight hundred and four on the fourth issue in anticipation of the Second Liberty Loan bonds—all in a period of five months' time. The last two issues in anticipation of the Second Loan fell off a bit, probably due to the fact that they came in the month of October when there was a heavy demand for crop moving.

Of a total amount of $2,320,493,000 in certificates of indebtedness issued in anticipation of the Second Liberty Loan, the Federal Reserve Bank of Chicago distributed $138,597,000 to a total of 3,121 subscribers. This met the immediate needs of the Treasury, but by now it was realized that extreme efforts must be expended if the war was to be won, and the methods so far used by the Federal Reserve banks would, in all probability, not meet such needs. Therefore, the committee in charge of this work in Chicago agreed to appoint a "Director of Sales of United States Certificates of Indebtedness," who should be a man of such qualities as to enable him to build up an organization that would make the smaller banks of the district eager to give their funds to the government to save the country.

After this committee had deliberated for some time, it decided that James B. Forgan, chairman of the Board of Directors of the

First National Bank of Chicago, was a man whose acquaintance with the banking talent of the district was so extended and whose judgment of men was so good, that his advice should be sought in this important selection. Therefore, the committee called on Mr. Forgan in a body, stated its case, and waited to see what the important decision would be. Mr. Forgan did not keep his visitors waiting long. He called for a copy of the Bankers' Directory, and quickly running his pencil down its pages, stopped at a name and said, "Here is your man." His pencil indicated the name of Melvin A. Traylor, president of the Live Stock National Bank of Chicago. Almost immediately the committee acted upon Mr. Forgan's suggestion and appointed Mr. Traylor to the tremendous task of educating the banks and farmers of the middle west to the financial needs of a war in Europe. That the committee was justified in seeking and accepting the advice of Mr. Forgan was plainly indicated by the success Mr. Traylor achieved in this work and also by the fact that he later became president of Mr. Forgan's bank.

The first weeks of Mr. Traylor's directorship proved his task far from simple. In the first place, he was young, and older bankers of the district sharply resented his prompt way of declaring them "slackers" if they did not subscribe to full quotas allotted their banks. But "slackers" are what Mr. Traylor conceived these men to be, and before long, with the able help of his two assistants—L. L. Hobbs, assistant cashier of the Live Stock National Bank, and E. L. Harris, who had been in the investment business in Chicago and more recently in the aviation corps of the United States Army—these bankers came to see themselves in the same light and knew that if the war was to be won, Mr. Traylor's efforts must be supported.

Mr. Traylor did not undertake this directorship until February, 1918, at which time the first certificates in anticipation of the Third Liberty Loan were being offered. Between February 22 and April 22 six issues were offered and total subscriptions obtained in the district amounted to $325,338,000, which exceeded the allotted quota by $11,338,000. Whereas the highest number of subscribers secured during previous loans had been eight hundred and four for the whole Seventh Federal Reserve district, under Mr. Traylor's direction eight hundred and seventy-four banks in Illinois alone subscribed to the issue of March 20.

Even this was not enough to satisfy the ambitions of Mr. Traylor and the probable needs of a war which must be fought to the

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utmost to be won. So on June 18, 1918, just before the first issue of certificates of indebtedness in anticipation of the Fourth Liberty Loan, Mr. Traylor called a meeting of his organization, which consisted of Directors of Sales for each county in the Seventh Federal Reserve district, at the Garrick Theatre in Chicago. Six hundred bankers, representing three hundred and thirty-eight counties, were in attendance. Almost every one of these men came to the meeting feeling that the weight of war financing demanded by the government rested too heavily upon himself, his bank, and his community. Doubtless many of these men had made up their minds to tell Mr. Traylor that his demands could not be carried out and that the agricultural middle west was ready to "lay down on the job."

Mr. Traylor, who perfectly understood just how these men felt, himself arose before them and addressed them with such stirring words as to make them all understand how little was asked of them when millions of other men were giving their very lives to the war. In part he said: "From my viewpoint, there are only two classes of banks which cannot take their quota, and who will not take it gladly and willingly. One of these is the institution whose affairs have been so managed that it has neither loanable funds nor credit at any institution, and the other is officered by men who are unwilling to do their part—in plain English, those who are not one hundred per cent American. It is no use longer to mince words or apologize. We either give because a way has been provided for us to, or we can't because we won't."

Long before the speaker had finished, the bankers present appreciated that, after all, the government had as much right to subject their resources to conscription as the lives of men, and they knew, too, that unless they made it possible to win the war without such conscription of the country's financial resources, they might expect to have all freedom in the matter of subscriptions taken from them. Therefore, by way of putting themselves on record as fully in sympathy with Mr. Traylor's understanding of the situation, these bankers, who had come believing that they were already doing too much, passed a resolution which they addressed to Secretary McAdoo, pledging each state, county, and individual bank in the Seventh Federal Reserve district to the task of fulfilling every demand the government might make in floating the next (Fourth) Liberty Loan and the various issues of certificates of indebtedness in anticipation of it.

Mr. Traylor's talk, which was followed by addresses by such men as Paul M. Warburg, vice-governor of the Federal Reserve Board; J. B. McDougal, governor of the Federal Reserve Bank of Chicago; W. A. Heath, chairman of that bank, and Arthur Reynolds, then first vice-president of the Continental and Commercial Banks, formed the turning point of the campaign for war funds on the security of certificates of indebtedness. Afterwards, those bankers who had believed it impossible for their institutions to meet the demands of the Treasury became most enthusiastic supporters of Government financing. As a consequence, on the seven certificate issues in anticipation of the Fourth Liberty Loan, the total subscriptions from the Seventh Federal Reserve district amounted to one hundred and fifteen and one-half per cent of the assigned quota of $574,000,000, and in the state of Illinois alone, of the thirteen hundred and nine banks doing business, one thousand and sixty-five went on record as subscribing to the first issue.

After that, Mr. Traylor and his assistants had little difficulty in maintaining the loyal enthusiasm of their county representatives. In fact, these men worked with such diligence as to arouse the enthusiasm of many others for their cause. In some counties this developed to such an extent that committees of bankers were organized to call upon any bank that was a bit slow in taking up its quota. As subscriptions would come into the Federal Reserve bank, reports were sent on to the various county directors and, in order that each county might have a clean slate, last minute deficiencies were transmitted to interested directors by long distance telephone; thus, lagging banks were brought into line and the patriotic reputation of their communities restored.

Through this organization the sales of the last three issues in the year 1919, one in anticipation of taxes, dated November 7, 1919, and two Victory Loan anticipation certificates, dated December 5 and 19, respectively, were so successful as to meet with the approval of the director himself. In making his report after the last issue in anticipation of the Victory Loan had been floated, Mr. Traylor said in part:

"The bankers of the Seventh district have established an enviable record of service in connection with Government financing, which I am sure they will not fail to maintain until the final chapter is written.

"I want also to personally thank each and every banker of the

district for their continued uniform courtesy to, and their kindly consideration of, the appeals emanating from the Certificate Division, of which Mr. Harris has had entire charge during the present series of certificate issues. The whole-hearted desire of this department is to render the fullest measure of service and consideration possible, complying always with the rulings of the Treasury Department. No effort of this department will be fully effective, however, without the cordial coöperation of the bankers of the district. That you have given such coöperation and support is evidenced by the consistent report to Washington of subscriptions to each issue covering our assigned quota. No greater service can be rendered."

With the single exception of the district served by the Federal Reserve Bank of New York, the territory under Mr. Traylor's direction led the country in total amount of subscriptions given to the certificates of indebtedness. However, it is safe to say that the actual task of securing so large a subscription was infinitely greater than that which confronted the New York district, for in the Seventh district subscriptions in small amounts had to be obtained from more than one-sixth of all the individual banks in all twelve districts. To a large extent it was necessary to solicit subscriptions from small, scattered banks by mail, and to this end Mr. Traylor sent personal letters into each county prior to every offering of certificates. Also he made arrangements whereby every bank in the district was reached, either by mail, telephone, or personal representative. Without this almost tireless effort, it is doubtful if the district tributary to the Federal Reserve Bank of Chicago could have shown the excellent record Mr. Traylor was able to report.

In each of the twelve districts, in order to suit the issues of certificates of indebtedness to the convenience of the banks, several options were given for making payment, both on the subscriptions of the banks themselves and of their customers. The most popular seems to have been the method of giving the government credit on the books of the banks. This plan, however, was permitted only to those banks—both members and non-members of the Federal Reserve System—which had qualified as special depositaries. In such cases the certificates of indebtedness so purchased were sometimes left with the Federal Reserve banks as collateral against the book-credit created by their purchase.

Those banks that had not qualified as depositaries usually paid by cash or made their remittances by check or draft to the Federal

Reserve bank of their district. Others made settlement through a correspondent bank located in a Federal Reserve city, in which case the correspondent made the payment, charging it to the account of the bank for which it was acting. Also a bank might notify the Federal Reserve bank of which it was a member to charge its reserve account with the amount of certificates allotted to it.

As a rule subscriptions to these short-term loans were received from the banks in advance of the day specified in the Treasury announcement. Just as soon as a Federal Reserve bank had assembled its subscriptions from its district, it would wire the Secretary of the Treasury of the amount desired and, after totaling these amounts in all other parts of the country and comparing them with the funds needed, he would make proportionate allotments and wire each Federal Reserve bank of his decision. These banks, in turn, would then re-allot their portion to the subscribers in their respective districts. Since this work had to be done with great speed, as new issues came at bi-weekly intervals for much of the time, it was impossible for exact proportionate allotments to be made individual banks. Aside from this lack of mathematical apportioning of amounts, every effort was made to distribute each issue in a way fair to all.

Usually the banks and their customers would hold their certificates until close to the date of maturity, when they were returned to the Federal Reserve bank of their district, which would credit the par amount to the bank's account on the maturity date. The certificates were then cancelled and mailed to the Treasury Department at Washington. If a bank owning certificates did not keep an account at the Federal Reserve bank, settlement was usually made by sending a check for the amount due. Since all certificates were issued in anticipation of the receipt of certain funds—such as Liberty bond sales or the collection of taxes—the Secretary of the Treasury was usually in a position to pay them off on the maturity date. However, when funds in the Treasury were so low as to make this impossible, additional securities would be marketed to refund those falling due.

Each district devised special methods known to salesmanship, whereby its full allotment might properly be distributed among all the banks. The Federal Reserve Bank of Chicago urged each banking institution in its territory to set aside a definite percentage of

its resources for the purchase of certificates. This ratio varied with the size of the issue and was announced each time. Generally, banks were asked to contribute two and one-half per cent of their total resources to any issue of certificates amounting to as much as seven hundred and fifty million dollars; for a six hundred million dollar loan, two per cent was asked; and only one and three-quarters per cent for a loan of not more than a half billion. Since it took several issues of certificates to anticipate any one Liberty Loan, or tax issue, under the plan for stabilizing the money market used by the Treasury Department, such banks as found it inconvenient to subscribe for their full quota on any one certificate issue, would attempt to make it up on another of the same series, so that their average subscriptions might maintain the quota.

At the close of the series in anticipation of the Fourth Liberty Loan, a certificate signed by Governor McDougal of the Federal Reserve Bank and Director of Sales Traylor, was given each bank which had made a record of one hundred per cent on its quota. After the Victory Loan series a somewhat similar certificate took the form of a citation for distinguished service. These last were so highly prized by many of the banks that they were framed and hung on the walls to remain there permanently.

In discontinuing his directorship of this work in May, 1919, Mr. Traylor reported that there had been ten issues of certificates of indebtedness in anticipation of the Victory Loan. They were issued in the period between December 5, 1919, and May 1, 1920. In all, the Seventh Federal Reserve district had been given a quota of seven hundred and ninety-one million dollars' worth of these issues and the total subscription in that district amounted to $953,415,500, or one hundred and twenty and five-tenths per cent of the assigned quota.

In making his final report Mr. Traylor said:

"By your service to the nation and to your fellow bankers in this campaign, you have taken an essential part in one of the greatest achievements in our financial history, and we are proud to have been associated with you in bringing our district through to a clean finish.

"In completing the government's program, Mr. E. L. Harris will continue in charge of the sale of certificates in this district. May he in that work have the whole-hearted support you have given us when the battle was the keenest."

War borrowing did not by any means end with the war, nor yet with the Victory Loan. Government borrowings up to that time

had taken care of the immediate needs of the United States and her Allies. After the war was finished there remained the unpleasant task of paying the debts. Since the use of certificates had proved successful during the war period, the Treasury Department decided not to dispense with this same plan for paying off war debts. Therefore, certificates continued to be issued at more or less regular intervals in anticipation of quarterly tax payments or for the purpose of refunding or paying off bond issues.

By now the banks had come to consider such short-term financing a convenience for themselves. It prevented the necessity of hoarding large sums against tax payment dates or other occasions when there would be unusual withdrawals. Likewise, corporations and individuals who were highly taxed found it to their advantage to purchase these certificates. By doing so they were able to accumulate tax payment funds gradually and at the same time use the certificates in which such funds were invested as collateral against loans, should a need arise. The growth of this demand, together with the fact that there was practically no interruption between the last issues of certificates in anticipation of the Victory Loan and the first of the tax anticipation issues, for a time at least, made it unnecessary for the sales organization under the direction of Mr. Harris to put forth the strenuous and radical efforts that had been necessary earlier in the war period. The first of the tax anticipation certificates to follow the Victory Loan were issued on May 21, 1919, and thereafter others appeared at regular bi-weekly intervals, or, occasionally, two or more series would appear at one time at longer intervals. Banks were still requested to keep to a quota allotment on these certificates, and they found no great difficulty in doing so throughout the period of business prosperity which followed the declaration of peace.

In August, 1919, the policy which had hitherto been maintained of selling these certificates only at par was discontinued, and instead they were allowed to assume market quotations with a "spread" between the buying and selling figure. This difference usually averaged between one-sixteenth and one-quarter of a point—depending upon the length of time a certificate had to run—and the fact that this marketability existed, together with the fairly attractive interest rate the certificates carried, made them an interesting investment for both banks and individuals during the period of prosperity. To meet further the needs of these investors, the maturity was

lengthened on some of the issues to as much as two or even three years, and large numbers of the certificates were sold through regularly established investment houses with a clientele to whom such paper appealed.

During the war period most of the certificates had been absorbed by banks and individuals, and corporations were not so attracted to them. This was especially true of the loan anticipation certificates as they were redeemable by Liberty bonds, the purchase of which was not compulsory. Therefore, of the $13,437,000,000 of both tax and loan anticipation certificates sold between our entry into the war and the Armistice, some eighty per cent was purchased by banks. Between the signing of the Armistice and the summer of 1923, sales totaled $21,375,000,000, a very large proportion of which was distributed among investors other than banks.

As is to be expected, the demand for certificates of indebtedness fell off markedly as the period of depression set in, but by that time the immediate needs of the Treasury had been satisfied to such an extent that it was possible to adjust the amount of certificates of indebtedness to the demand for that type of paper.

The sales were continued throughout 1919 in the manner established by Mr. Traylor, but in December of that year, E. L. Harris, who had succeeded Mr. Traylor as Director of Sales of United States Certificates of Indebtedness, was elected an officer of the Federal Reserve Bank of Chicago with the title "Manager of Bank Relations and Membership." As a consequence of this, sales of certificates of indebtedness were merged into Mr. Harris' new office and such issues as the Treasury Department chose to make thereafter were handled through this department of the Federal Reserve bank.

Thus, a method of financing which, up to the time of the World War, had been resorted to on only six occasions in the history of the United States, had developed from a strictly emergency measure to a permanent means of meeting the convenience of investors and of stabilizing the money markets of the country. According to reports of the sales of these certificates, the district served by the Federal Reserve Bank of Chicago stood consistently second to New York in the amount of such paper absorbed and usually distributed close to eleven per cent of the whole amount absorbed by the country.

CHAPTER XXV

BANKS IN ILLINOIS DURING AND AFTER THE WAR PERIOD

Ruling on bank capital in Chicago—Unprecedented levels reached in bank clearings—Private banks abolished—Problems following declaration of peace—Boom of 1919 and depression of 1921—Spurgin, Fort Dearborn and Milwaukee-Irving bank failures—Important bank consolidations in Chicago.

The banks of the state of Illinois were too deeply engrossed in the affairs of the world to accomplish much in the way of purely local interest during the war, and it is probable that the most noteworthy event of that character which occurred was the controversy on bank capitalization held in Chicago in February, 1916, which resulted in the rendering of a decision by the supreme court of the state decreeing that state banks in outlying communities might not move into Chicago and continue to operate under their original capital. This decision came as the result of the annexation of Morgan Park to the city of Chicago. At the time the circuit court of Cook County enjoined the Adams State Bank and the Metropolitan State Bank of that community from removing into Chicago proper, as they were not organized with the capital required by banks in the city. This decision was sustained by the supreme court and consequently affected a number of other small banking institutions in outlying districts which, some years previously, had succeeded in getting charters under a capitalization suited to the size of their districts rather than that required by the city of Chicago.

The fact that the United States entered the World war on April 6, 1917, did not in any way curb the tendency toward ever greater expansion which had played so prominent a part in the affairs of the previous two years. In the west, 1917 was the biggest year on record. Agriculture and the live stock industries were the foundation stones on which prosperity rested and, because of the high prices received, farmers were given a feeling of independence that they had never known before. Then to this great agricultural prosperity was added a similar showering of wealth upon the wage earners.

The ranks of the latter were so depleted by men taken into the army and the demands of industry continued to increase to so great an extent that wage earners, probably more than any other group, with the single exception of the farmers, found themselves in a position to name their own price.

Foreign trade became larger than ever, but it is possible that by this time the increase was due more to rise in prices than to growth in actual volume. Lack of transportation facilities presented a difficulty which continued to grow worse and by the time of our entry into the war, not only was the country hampered by a lack of ability to obtain shipment of goods, but also great difficulty was found in securing adequate supplies of fuel at the plants where needed.

This constantly increasing rise in prices and wages, together with the fact that there still seemed no let up to the inflow of available funds, caused Chicago's bank clearings to mount another four and a half billion over the high record of 1916. Clearings for 1917 amounted to almost twenty-five billion dollars in all and bank deposits continued to grow in amount.

In spite of the extent to which attention was being drawn to affairs of world-wide import, the people of Illinois succeeded, on June 22, 1917, in approving the Buck-Austin Bill which provided that after January 1, 1921, there might be no further private banking business conducted within the state. For many years there had been put forth effort after effort to combat this kind of banking, which in some sections was a privilege greatly abused and which, therefore, brought a great deal of disaster to the citizens of the state as well as to honest banking interests. However, there were sections, particularly in southern Illinois, where settlements were not large enough to support a bank with a capital as large as was required of an incorporated institution. On the whole these smaller private banks were sufficiently well managed to answer the needs of their communities and were declared far better than no banking facilities whatsoever. Therefore, up to 1917, whenever a law intended to do away with private banking was introduced, it was so vigorously fought by the south as always to meet with defeat, and in spite of the small size of the supporting communities and the righteous indignation of Chicago and other cities which had suffered greatly at the hands of unscrupulous private bankers, it had previously been consistently impossible to pass any legislation against unincorporated banking institutions.

When the Armistice was signed on November 11, 1918, business was compelled to turn its thoughts from problems of war to those of peace with great rapidity. The country as a whole expected a sharp drop in commodity prices and a period of rapid readjustment and liquidation tending to work toward pre-war levels. Business men and bankers were, on the whole, braced for such a situation and had it come as expected, the country would in all probability have borne the shock easily. Affairs, however, were not as bad as had been anticipated. The whole continent of Europe was left in turmoil and did not go back to work as expected, nor did its tens of millions of soldiers return to the ranks of industry so that public treasuries might discontinue their policies of extravagant expenditure and restore their condition through adequate taxation. Consequently for America, the problems of peace soon proved to be more difficult and dangerous than those of war for, in addition to the burdens naturally belonging to her at such a time, she was further handicapped by those shifted from abroad. The nation was equipped with vast industrial capacity for which there was no longer any need and such industries as catered to the more normal peace time requirements were not operating to a sufficient extent to create a normal condition even for home consumption, to say nothing of continued difficulties because of the abnormal situation abroad.

For a time depression reigned, but liquidation had not been completed before a rapid upward movement both in prices and volume of business settled on the country. By May, 1919, demands for bank loans began which expanded about twenty-five per cent during the next twelve months. Prices rose to levels beyond those reached during the hectic years of the war and the feverish state of the financial and industrial boom then existing exceeded any since 1837. Now that the war was actually over, the people of the country relaxed the economy they had practiced during America's participation in the conflict, and indulged in an orgy of private consumption and self assertion which brought numerous strikes and other troubles in its wake, greatly reducing the quantity of general production. Thus, there was created an even greater scarcity of goods in 1919 than that which had handicapped the country during the last year of the war.

The inevitable period of unwarranted expansion growing out of such a situation set in, and by May of 1920 bank loans the country over had increased by twenty-five per cent. This was largely due to the fact that American business had tied up a large amount of capital

in open account advances to Europe and was thereby driven to replenish its working capital with borrowed funds. However, the fact that bank loans were increasing was not so significant as that there was a great deterioration in their average quality; it was not possible for truly liquid loans to pile up so rapidly. In the country tributary to Chicago prosperity was especially in evidence and abnormal profits were made throughout most of the year 1920. Toward the end, however, the wave broke and with it crumbled the large volume of business, high prices, and unwarranted profits. Losses to banks did not come quite so soon as those to industry in general, and it was not necessary in most instances to charge them off before the close of the year. Generally the banks found that their funds were tied up for indefinite periods rather than actually lost, and a great many of the larger customers had to be carried, much to the embarrassment of the banks themselves.

During 1921, in addition to bearing its share of the difficulties resulting from the troubles that had descended upon industry, the banking situation of the middle west was further affected by the condition of farmers and live stock growers who were, if anything, more seriously shocked by the liquidation than any other group of producers. Farmers had been so overwhelmed by their unaccustomed prosperity that they had expanded far beyond the point of wisdom in an attempt to capitalize on their war earning basis. Thousands of acres had changed hands at ever-increasing prices until those left with encumbered land in their possession at the time of the crash faced a situation where in some cases the products of their farms would not even pay the interest on their debts, and it was beyond hope to expect that the principal might be liquidated within a reasonable length of time. There was more of this west of the Mississippi than in Illinois but it affected Illinois' banking. Furthermore, farmers found that the cost of practically every necessity which they were forced to buy was far beyond the proportionate income received from the sale of farm products. This condition came about partly as a result of an abnormal international exchange situation and partly because of the fact that competition from abroad, which had been cut off during the war and for a long period after its conclusion, was now becoming a factor which greatly reduced the size of markets for American farm products.

Industry in 1921 found its affairs receding with a rapidity which was no less abrupt than its advance shortly after the outbreak of the

war. Companies such as the Bethlehem Steel Corporation, the United States Steel Corporation, The American Woolen Company, and the Singer Company made single slashes in wages early in the year which amounted to twenty per cent or more. Organizations so prosperous as to create great speculation in their securities on the stock market, now reported greatly reduced earnings and in many instances passed their dividends, iron and steel operations fell to a point estimated as less than thirty per cent of their capacity and reduced the prices of their products from four to ten dollars a ton. Failures were reported from many quarters, unemployment became acute, and large manufacturing plants built up during the war period now stood idle—many with little prospect of ever again using their expensive equipment.

In the feverish commercial activity during both the war years and the boom which came shortly after the signing of the Armistice, even the banks of the country were not immune and where their officers were men of sufficient strength to withstand the temptation of fabulous gains offered by risky investments, both on their own behalf and that of their banks, they were frequently unable to eliminate completely a more or less indirect participation in unsound enterprises. At the same time there were individuals in charge of banking affairs who, unknown to their directors, used first their own funds and then "borrowed" from their banks, so that they might enhance their private fortunes through channels not always consistent with and worthy of the presumably sound judgment of a banker. The crash of 1921 brought such undertakings to light, often with great loss to those who had entrusted their funds to the banks involved. Two outstanding instances occurred in Chicago.

On July 14, 1921, the Michigan Avenue State Bank, located on Michigan Avenue near Twenty-second Street not far from the main down-town banking center, was closed by the state auditor who discovered that practically the entire capital and surplus of the institution had been dissipated by the bank's president, Warren G. Spurgin. Just before this occurrence one of the directors, suspecting that all was not as it should be, asked that the bank be examined by a firm of auditors of his choosing. President Spurgin refused to permit this examination to be made unless he himself might choose the examiners. Then the State Banking Department sent in its men with the result that a receiver was appointed.

When the affairs of the bank were thoroughly examined it was

found that for a period of two years Spurgin had been permitting, or rather engineering, loans to some of the smallest depositors of the bank, to small town ministers who lived on salaries of but a few hundred dollars a year, to children, people long since dead, clerks, and others who were in no way able to repay the many thousands of dollars that each had presumably borrowed. In all about one and one-half million dollars were taken in this way on notes which were fraudulent and in many instances forgeries.

Investigations likewise disclosed the fact that large amounts in deposits had been accepted after the bank had been known to be insolvent and this resulted in long-drawn-out court procedures on the part of last day depositors, who were eventually given the full amount of deposits aggregating about one hundred and seventy thousand dollars.

In addition to becoming deeply involved with the State Banking Department for his violations of banking laws, Spurgin set the United States prohibition agents on his trail when the receiver, on opening the bank's vault, found some ten thousand dollars' worth of liquor which subsequent testimony revealed had been held for sale, and that a large proportion of the bank's vault customers had come to secure portions of its stocks of liquor rather than its safety service for their valuables.

As soon as Spurgin discovered the net closing in around him, he packed a suit-case with approximately fifty thousand dollars—all that remained of the million and a half dollars that he had taken from the bank—and fled the country. He was last seen in Chicago on Sunday, July 17, 1921, when he made elaborate preparations for the comfort of his wife and daughter and the protection of his household effects during his absence. Then he vanished, nobody knew whither. At various times detectives thought they had traced him to Colorado, Canada, and Mexico, but always they lost the trail. Mexico was considered his most probable hiding place as diplomatic relations had been severed at that time and the Mexican government would not, therefore, return our fugitives from justice. For months the trail was followed and enterprising newspaper reporters wrote serial articles describing the horrors surrounding Spurgin in his hiding place. He was sometimes described as following a trail of "dead men's bones" to escape detection, and again he was pictured as managing a mine bought with the suitcase of gold carried from Chicago. With these last stories were sometimes included harrowing tales of how those

in his employ had made him a prisoner, holding him against the day when diplomatic relations might be restored and they might return the banker to America and receive the rich rewards which it was supposed would be forthcoming upon his release. Once Spurgin was reported to have killed himself in a Florida hotel, but when the suicide was later identified he was found not to be the missing banker.

The futile hunt was still in progress in December, 1921, when the grand jury held its meeting in Chicago, at which time it was expected that the Spurgin case would be tried. The jurors were so incensed over the fact that the prisoner had not yet been captured that they threatened to lock up every officer in the city until they had found the man or group responsible for "hiding" Spurgin. But even this wrath on their part did not succeed in producing the desired results and the years passed without Spurgin's capture. In time the hunt was given up because those seeking the man's arrest realized that they were spending more in the pursuit than they could ever gain from the capture. It came to be the general opinion that Spurgin was settled in Mexico and newspaper reports were received to that effect from time to time. Occasionally a traveler, hoping to reap a rich reward, would approach the newspapers individually offering them the "true" story of what had become of Spurgin, and now and then a reporter claimed to have talked with him in his hiding place. Late in 1923 reports were still coming and some of these indicated that the banker had then lost his money and his health and was on the very verge of surrender. No surrender came, however, and the case fell out of the limelight of public interest.

The affairs of the bank were closed and a new institution took over the building and whatever else it found of value. At the time of the meeting of the grand jury in December, 1921, total assets were found to be but slightly over one million dollars, while liabilities were more than three million. Double assessment of the stockholders was made, but as Spurgin had himself owned most of the bank's stock, this method could not realize nearly enough to cover the losses. From time to time small dividends were paid depositors, but in all not more than one-third of what they had entrusted to the bank was ever paid to any except those who had made last day deposits.

Another failure was the result of unwise management rather than an out-and-out theft, and involved two prominent down-town institutions, the Fort Dearborn National Bank and the Fort Dearborn

Trust and Savings Bank. These banks were closed on December 31, 1921, when the clearing house examiners disclosed a condition which, but for the prompt coöperation of the Chicago Clearing House Association, doubtless would have developed into the most serious financial situation that had yet threatened the city of Chicago and its surrounding territory.

The difficulty here was one of long standing which had merely been aggravated by the period of speculation. For many years some forty per cent of the stock of the Fort Dearborn National Bank had been held by Edward Tilden, a brother of the bank's president. Tilden had a very large part of his stock holdings issued to him in certificates of small denominations, such as ten, fifteen, twenty, or thirty shares, in which form it could be used most conveniently as collateral against loans. As he was interested in a number of projects outside of the bank, Tilden made a regular business of borrowing on his bank stock and soon developed an account with a large commercial paper broker (also, owned by Tilden) who sold his notes in all parts of the country and thus kept Tilden constantly supplied with such funds as he required. While the enterprises into which these borrowings went were many and varied, Edward Tilden was extremely careful to avoid any investments in the automobile business, a branch of industry in which he had little faith.

Upon the death of Edward Tilden, his estate, then valued at eight million dollars, with current liabilities of five million and three million tied up in the American Trust Building then occupied by the Fort Dearborn banks, came under the management of his son, Averill Tilden, a director of the bank. Averill Tilden, operating for the Tilden estate, continued to carry out his father's custom of constant borrowing on this bank stock, but he did not have his father's aversion to motor enterprises and soon became deeply involved in Briscoe Motors which, in October, 1921, was reorganized into the Earl Motors, Incorporated, whose securities he caused to be underwritten to the extent of two and one-half million dollars. This underwriting was not successful.

At about this time the national bank examiner, following a brief examination of the affairs of the institution, left, giving the bank a clean bill of health after the national bank had charged off $1,248,213.55. The clearing house examiner, however, who had been watching the progress of Averill Tilden's investments and who was aware that the underwriting of the Earl Motors was far from successful,

feared that some of Tilden's misfortunes might be shared by the bank through impairment of his responsibility as a stockholder. He, therefore, went in with a corps of assistants and spent several weeks going over the affairs of both Fort Dearborn banks. As a result of his findings, the Chicago Clearing House Association urgently recommended that the Fort Dearborn National Bank charge off to loss an additional two million dollars of Earl Motors, Inc., direct and indirect paper, in order to put its affairs on a liquid basis, at the same time insisting on an audited statement of the Tilden estate. This suggestion was not carried out, but the statement was promised for January 5, 1922.

Unfortunately for Averill Tilden, news of this large charge-off as losses leaked out and aroused a great deal of doubt, not only as to the solvency of the bank but as to that of Tilden's own affairs. The leak occurred at a time when Tilden's notes were broadcast over the country in various amounts and when the estate was embarrassed by the failure of the Earl Motors underwriting. In this extremity Tilden had one hope and only one: this lay in his equity in the American Trust Building. About a year previously he had made a contract with the First National Bank of Chicago whereby it was to take over the building as soon as a pending merger between the Corn Exchange National Bank, the Merchants Loan and Trust Company, and the Illinois Trust Company took place. It was planned that the Fort Dearborn banks would then move into the banking rooms of the Corn Exchange National Bank and that the First National Bank might have the American Trust Building. Although the Corn Exchange National Bank had not yet vacated its quarters, and the Fort Dearborn institutions were, therefore, not in a position to leave the building which Tilden had previously sold to Forgan on contract. Mr. Tilden believed he could secure an advance payment on his contract that would save him from the great financial difficulties which he faced. With this in mind he approached James B. Forgan of the First National Bank who saw the psychology of the situation and paid him the balance due on the contract, and Tilden used the two million dollars to try and protect his underwriting of the Earl Motors. About this time the directors, realizing that Tilden's operations had greatly endangered the bank, likewise approached the First National Bank to ask that institution to make an offer for the purchase of the assets of the two Fort Dearborn banks. Mr. Forgan promptly refused to consider this suggestion. Then the Continental and Com-

mercial interests were appealed to but they would not act until the matter had been put up to the clearing house committee, which was done. The state of affairs was then beginning to be known and talked of on every side, and Tilden's notes, secured by bank stock collateral, which were so widely broadcasted, were approaching maturity with a probability that they could not be renewed as they came due. There was, therefore, nothing which Tilden could do except admit the state of affairs and permit himself to be given over to a Creditors' Committee. At the same time Tilden's plight meant certain destruction for his banks and had it not been for prompt action on the part of the clearing house, Chicago would have witnessed one of the severest local financial crashes of her history. Things were tided over and Mr. Forgan and Mr. Reynolds bid for the assets. The First National interests bid two per cent for the commercial and three per cent for the savings deposits, while the bid from the Continental and Commercial banks amounted to three per cent for commercial deposits and five per cent for the savings deposits. This latter was accepted, the merger took place, and the depositors were assured of full payment. The Continental and Commercial banks paid the equivalent of about twenty dollars a share to the holders of national bank stock and fifty dollars a share to those who held stock in the trust and savings bank, and at the same time absorbed the cost of liquidation. As the various loans and other assets were liquidated, dividends were paid the stockholders until at the close of the year 1925 a total, including the original bonus, had been paid on the national bank stock of $2,900,000 or about $58.00 a share, and on the stock of the state institution there was paid $720,000 or $144.00 a share. There still remained a capital equity sufficient to pay the National Bank stockholders a total of approximately $66.00 a share and to the Trust and Savings Bank shareholders a total of $154.00 a share. Many of these shareholders, it must be remembered, had purchased their national bank stock at prices in the neighborhood of $200 a share and the state bank stock at about $250 a share.

At the time the national bank was absorbed by the Continental and Commercial National Bank the books showed assets and liabilities of $71,116,815.81. The Continental and Commercial National Bank assumed liabilities amounting to $63,209,941.14 and left in the Fort Dearborn National Bank an equity of $7,906,874.67 in loans and securities of a doubtful character. Under the terms of the absorption the Continental and Commercial Banks paid to the Fort

Dearborn National Bank a bonus of $1,020,137.62 for its business, and to the Trust & Savings Bank a bonus of $249,000.00.

Had the Fort Dearborn National Bank been permitted to fail, the effect would have been spread throughout the country, because of stock ownership as well as for such indirect results as are certain to follow a financial disaster of such proportions. At the time of Tilden's failure forty per cent of the bank's stock was held by him and used as collateral to his notes. As the notes defaulted, the stock was transferred to the note holders. Consequently, had the bank failed, those who had bought Tilden's notes and lost what they had thus loaned, and had become stockholders in the bank through that loss, would have been subject to a legal question as to their responsibility under the double liability as stockholders. This situation was avoided by the prompt action of the clearing house banks, which deposited two and one-half million dollars in the Fort Dearborn banks for which they accepted deferred certificates of deposit payable January 3, 1924, and bearing interest at five per cent. Through the careful management of the Continental and Commercial National Bank, the debt was paid in full on the due date, in spite of the fact that the stipulation had been made that no part of it need be paid until all liabilities of the Fort Dearborn National Bank assumed by the Continental and Commercial National, together with interest on them, had been repaid and liquidated in full.

This merger again made the Continental and Commercial National Bank the second largest national bank in the United States; only the National City Bank of New York could be considered any larger and, for a period after the merger, even the New York institution was exceeded by the deposits held in the Chicago bank. The total deposits of the four banks then constituting the Continental and Commercial system—two national and two trust and savings banks—aggregated more than four hundred million dollars and their resources amounted to over five hundred and twenty-five million dollars.

During the following year or two a number of smaller banks in and about Chicago also failed as a result of the dissipation of their funds by officers and there grew up—particularly in the foreign districts—so great a distrust of banks as to result in runs on some of the strongest outlying banks in the city. One of the most noteworthy of these was the failure of the Milwaukee-Irving State Bank in April, 1922, when it was discovered that its president, Everett R. Peacock,

had so manipulated the bank's funds as to create a total shortage of $468,000. Peacock accomplished his withdrawals by borrowing from the bank's funds on worthless collateral and he was further aided in his speculation by a system of check "kiting" carried on through a group of from twelve to seventeen banks from which he was able to borrow hundreds of thousands of dollars. Peacock had founded the bank in 1919 and thereafter formed a number of industrial companies, many of which seem to have been organized for no other purpose than that their stocks might be used as collateral against bank borrowings.

Out of this period of speculation and failures there grew a time of consolidations. Between April, 1923, and the end of 1924 there occurred a dozen consolidations in the city of Chicago, practically all of which were due not to any form of necessity but rather to the fact that bankers came to a realization of the greater gains that two or more institutions serving any one community might realize and the better service they might give if operated under one roof and with one staff of officers and employees. While such mergers were especially evident in the outlying districts where numerous small banks had sprung into being, the fundamental reason for this adjustment held in down-town institutions as well, and country-wide interest was evidenced in the consolidation of five of the city's most highly respected institutions into two new banks, each of enormous size.

The first of these down-town mergers involved three of Chicago's oldest banks: the Merchants Loan and Trust Company, established in 1857; the Corn Exchange National Bank, which evolved through a period dating back to 1870; and the Illinois Trust and Savings Bank, which began business in 1871. This merger did not take place all at one time, but on April 9, 1923, when the east half of the sixteen million dollar building erected by the Illinois Trust and Savings Bank was completed, that institution and the Merchants Loan and Trust Company joined forces and entered the new building as the Illinois Merchants' Banks.

The merger was a tribute to the advantages of combined operation, for up to that time each of these banks had taken great pride in the fact that they had grown to be two of the most prominent in the country without any additions resulting from mergers. The Merchants Loan and Trust Company was the oldest institution in Chicago's financial world and had carried its name and identity intact from Civil war days, while the Illinois Trust and Savings Bank

was pleased to boast that, without the aid of mergers, it had, in the fifty years of its existence, built up one of the largest and most prominent state banks in the whole country, with savings deposits in the aggregate not exceeded outside of New York City.

The merger was not fully completed at that time, partly because the finished section of the new building was not large enough to house the three banks, and partly because there was still some controversy over the part that the Corn Exchange National Bank would play in the new combined bank. During this period of adjustment, however, all three banks had assembled their stock in such a manner that they were owned by the same interests and controlled by approximately the same personnel. Each had a capital stock of five million dollars and a surplus of ten million and, although they had been operated as individual institutions, they had influential stockholders who were interested in two or more of the group.

As soon as the banks had moved into the east half of their building, it was possible to start the destruction of the banking offices of the Illinois Trust and Savings Bank which stood on the site to be occupied by the west half of the Illinois Merchants' Building. Within a year and a half after this first merger, therefore, the building had been sufficiently completed to permit the absorption of the Corn Exchange National Bank, and the official annexation took place on September 29, 1924.

Since each of the three banks was extremely proud of the name built for itself over a period of half a century, it could not be expected that any one of them would willingly give up its identity in the merger; hence the group was known as the Illinois Merchants' Banks, a designation which took care of the first two to enter the combine in a fairly satisfactory manner but left no provision for preserving the identity of the Corn Exchange National Bank. For a time, therefore, it was thought advisable to run the three banks as two institutions under one roof, retaining the national charter of the Corn Exchange National Bank and giving to that institution offices occupying the entire west half of the bank's quarters in the new building. When the merger finally took place, however, the whole situation had been considered most carefully and it was decided that it would be better to give up the national charter and combine the three institutions into one bank. Thus the new institution, under the corporate name of the Illinois Merchants Trust Company, was formed with a capital of $15,000,000, surplus of $30,000,000, and

deposits approximating $385,000,000. Thereby the Illinois Merchants Trust Company became one of the largest state banking institutions in the United States. In Chicago its only rival was the Continental and Commercial National Bank with $25,000,000 in capital, $15,000,000 in surplus, and deposits of $445,000,000.

Prior to this merger Edmund D. Hulbert had been president of each of the three banks and it was planned that he would take the helm in the Illinois Merchants' banks. On March 30, 1923, however, only a few days before the first two joining forces moved into their new building, Mr. Hulbert died and John J. Mitchell of the Illinois Trust and Savings Bank was chosen to fill the vacant place temporarily, until a younger man could be found who was capable of holding the position. Mr. Mitchell was then past seventy years of age and had served the Chicago public through his connection with the Illinois Trust and Savings Bank through a period of half a century. He had become president of the bank when he was but twenty-six years old, and now looked forward to the merger which would release him from his long years of active service and allow him to retire to the less strenuous position of chairman of the board of directors. No man so capable as Mr. Mitchell could be found, however, and he was recalled from California, where he had gone to begin his long vacation, and once more put at the head of his old bank, now become Chicago's largest—an institution able to meet any demand that might come from the ever-growing industrial and agricultural developments of the middle west, which were showing a constantly increasing tendency to require greater and greater financial accommodations.

Within a few weeks after the completion of the merger forming the Illinois Merchants' Banks, the National Bank of the Republic moved into the quarters formerly occupied by the Corn Exchange National Bank and took with it the National City Bank of Chicago, thereby making an institution with a capital of $4,000,000, surplus of $2,000,000, and deposits amounting to about $67,000,000.

A third merger of real import at this time was that of two banks in the stock yards district which had been held under practically the same ownership. These, the Live Stock Exchange National and the Stock Yards Savings Bank, on February 6, 1924, moved into quarters under the same roof and changed their names to the Stock Yards National Bank and the Stock Yards Trust and Savings Bank. Each bank kept the president it had had prior to the merger and each

president became vice-president of the other's bank. Thus, there were combined a national bank—which had started back in 1868 as the Union Stock Yards National Bank, in 1888 was changed to the National Live Stock Bank, and in 1900 to the Live Stock Exchange National Bank—with a savings bank started in 1902 in response to a demand for the services it might offer and which had rapidly grown to a place where it served some thirty thousand people. The idea in making this merger was to combine the two closely related institutions in the interests of economy without sacrificing the services or the identity of either; through it there was brought under one roof the largest single banking institution in Chicago outside of the loop district.

At the same time similar mergers on a very much smaller scale were going on in all parts of the city. As a result some few weak banks were absorbed and their difficulties thereby eliminated, but on the whole these mergers were made almost wholly in the interests of operating economy. It was found that many communities could be served just as well by one bank as by the two or more then competing for their business, and therefore a number of banking institutions which had come into existence during periods of expansion were now submerged into others in their neighborhood and enabled to increase their profits, while they sacrificed none of their business and frequently greatly augmented their facilities for service.

Thus, the feverish cycle, produced by abnormal economic conditions fostered by the war, was ended and while the banks of Chicago found themselves on a sounder basic structure than ever before, this was not the case in all sections of the country, and especially in those states where the post-war inflation had been accompanied by a general movement to capitalize, particularly land values, on a basis of war-time earnings. The sudden decline in foreign market demand for American agricultural products caused a slump in farm prices and consequent embarrassment to those who had bought land at unprecedented acre values or leased on a basis of abnormally high acre rental. Added to this was a breakdown of the transportation systems operated during the war by the railroad administration, which was experiencing difficulty in adjusting to a peace basis, causing congestion and a further drop in prices to the farmer for his accumulation of grain and other farm products. This situation presented some problems in post-war readjustment the solution of which required courage, wisdom and time.

CHAPTER XXVI

THE POST-WAR PERIOD OF INFLATION AND THE FEDERAL RESERVE BANKS

General conditions during 1919 and 1920—Discount policy of the Federal Reserve Board—Criticisms of currency and credit inflation—The "secret" meeting—Relation of the Federal Reserve Banks to price decline—Congressional commission of agricultural inquiry—Progressive discount rates established by the Federal Reserve Bank of St. Louis—Conditions during 1921 and 1922.

During the war, the principal strain upon the Federal Reserve banks came from financing for the Government, on a scale hitherto undreamed of. We have seen how adequately the Federal Reserve banks functioned in handling the System's burden in war financing. With the sudden termination of the war, the optimism which enveloped the entire United States reflected itself in a wild expansion under the delusion that the wartime level of prices must be a thing of permanence, in spite of the well proved law of supply and demand, and demoralization of the agencies of production and distribution presented the Federal Reserve banks with the new problem of discriminating between legitimate needs for credit accommodation and those of speculation or extravagance.

The year 1919 was one of slow readjustment, witnessing as it did the return and demobilization of about two million soldiers, the placing of industries on a peace footing, and the removal of most of the wartime restrictions. The industrial unrest and economic confusion which continued well into 1922 can be readily explained; reduced production, increased domestic consumption, high prices, and unprecedented extravagance, all contributed their portion.

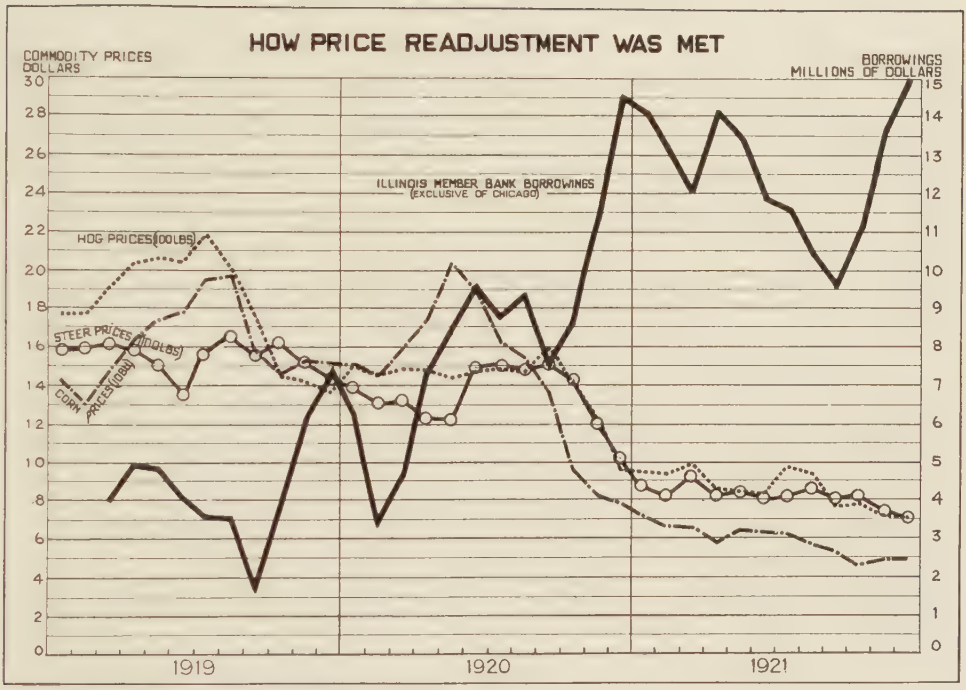
Illinois and the Seventh Federal Reserve district presented the same problem as any other district largely agricultural, but with considerable manufacturing scattered throughout its area. In such regions the diversity of activity doubtless tends to intensify the problems of production, distribution, and credit which, in turn, involve seasons of growth as well as harvest and transportation. Both the

St. Louis and the Chicago Federal Reserve banks were called upon to finance a greater volume of commercial, industrial, and agricultural business than ever before, and their usefulness was further demonstrated in the flotation of the Victory Loan and the meeting of member bank requirements for commercial loans to their customers.

The year 1919 closed with commodity prices at abnormal levels and general inflation in all branches of activity. The consuming public seemed engaged in a riot of extravagant expenditure, with the result that merchants and manufacturers found difficulty in meeting the demands for all kinds and varieties of goods, regardless of price. Meanwhile, there was growing resentment in the public mind against prevailing high prices; the war had been over for many months, and the growing discontent made excellent press copy, with the result that numerous so-called buyers' strikes were called, which, while not in themselves doing much toward the restoration of a normal status, did promote sober thinking and directed sentiment into better channels.

The first half of 1920 was a continuance of the conditions of the preceding year, but by midsummer signs of slowing down in business became rather obvious. Certain basic commodities, silk, wool, sugar, and hides, slumped with a disturbing suddenness; merchants immediately adopted policies of greater conservatism in buying, especially for future delivery, and the great commodity markets rapidly changed from complete domination by sellers to the advantage of the buyers. The relatively good employment of labor, however, together with the excellent crop prospects, blinded many to the coming period of sharp readjustment, whose approach was also hidden by the apparently still unlimited buying power of the public.

A serious aspect of the turn of events of 1920 lay in the fact that the abundant crops of that year were planted and harvested during the period of highest costs, but came on the market for the most part during the months of falling prices. Early forecasts of crops stimulated the inflated conditions under which the country's business was operating. The hopes for abundant crops were realized, but expectations of high prices did not materialize save in the case of early produce. Rural communities almost at once proceeded to retrench; new construction and improvements in country districts were abandoned or severely curtailed, with a resultant effect on the entire distributing and manufacturing machinery. This again returned to the



(Courtesy Federal Reserve Bank of Chicago)

THE ABOVE CHART SHOWS THE TREND IN ILLINOIS MEMBER BANK BORROWINGS AT THE FEDERAL RESERVE DURING THE POST-WAR PRICE READJUSTMENT

The borrowings are in millions of dollars, live stock price in dollars, and the price of corn is expressed in the live stock conversion equivalent

producer's door, thus forming a complete economic cycle which, with other lesser factors, brought stagnation in business toward the close of the year.

It is not difficult to understand the size of the problem presented to the two Federal Reserve banks in whose respective districts the state of Illinois lies. Credit requirements rose to enormous dimensions and of necessity extended over longer periods than in any preceding year of the System's operation. Crops, produced at high cost and in unusually large volume, moved to market very slowly, thus requiring enormous financing.

Neither the Federal Reserve Board nor any of the twelve Reserve institutions was ignorant of the unfortunate economic trend during the year or more immediately following the Armistice. Indeed, several months prior to the end of the war, an official circular to member banks and trust companies, had been issued by the Federal Reserve Board urging careful discrimination between necessary and unnecessary credit extension and making well-worded pleas for a program of careful retrenchment and saving on the part of every individual and every business interest.

The signing of the Armistice, rather than ushering a period of Utopian bliss into American economic life, seemed to entail problems as grave as or even more difficult of solution than those connected with the prosecution of the war itself. Dr. A. C. Miller of the Board, early in 1919, in an address before the American Academy of Political and Social Science, urged against inflation of any kind, saying "where there has been inflation there must follow deflation as a necessary condition to the restoration of economic health. Contraction of bank deposits and currency, through the liquidation of war loan accounts, is clearly indicated as the next and necessary step in the process of bringing the credit currency and price situation back to normal. . . . The problem of correcting a state of banking inflation is mainly a problem in saving. We must either put more goods behind the outstanding volume of credit and currency—that means production—or we must reduce the volume of credit and currency to suitable proportions—that means saving."

This brings us to an analysis of the Board's discount policy during the years immediately following the Armistice, and the application of this policy by the two Federal Reserve banks serving the state of Illinois. It must first be pointed out that the problem of the rate level of the Federal Reserve System was closely allied with

the problem of financing the war, inasmuch as a low level of discount rates was necessary to insure ready accommodation to banks whose customers should need aid in the matter of commercial demands resulting from increased business in connection with war activities. So the Board, before the subscriptions to the first Liberty bond issue were closed, approved a preferential rate of discount for notes secured by Government obligations offered by member banks and, in order further to assist the Treasury in disposing of bonds, the Board authorized Federal Reserve Banks to discount notes secured by Government obligations for non-member banks upon the indorsement of a member bank, whether made by non-member banks themselves or by their customers, when the proceeds had been or were to be used for the purpose of carrying Treasury certificates or United States bonds. The Board thus distinguished between commercial loans and loans made upon the security of Government obligations.

That the war was won constitutes vindication of the policy, but its continuation after the emergency had passed has brought criticism.

In the spring of 1919, several of the Federal Reserve banks urged a general rise in the level of rates. The Board in general had approved the action of the individual Reserve banks in discontinuing the marked discrimination in favor of paper collateralled by government instruments, seeing no purpose in giving holders of government securities preference in the matter of interest over those seeking funds to be employed in agriculture, commerce, or industry. The Board, however, did not sanction any rate increases at this time, the attitude of the Treasury which was then busily engaged upon the flotation of the Victory Loan doubtless accounting for its failure to apply the brakes.

With the war a matter of history, there remained no appeal to the country's patriotic instincts by which to carry over this last loan. The Treasury consequently felt even greater need of the coöperation of the Federal Reserve banks than for the Liberty Loan campaigns. The success with which the Victory Loan "went over" was another and perhaps crowning achievement, of a series of financial operations hitherto unparalleled in the history of the country, which, nevertheless, tended to accentuate the prevailing tendency toward overexpansion and speculation.

On June 7, 1919, the export restrictions on gold were removed by President Wilson, with little effect on the general situation. Prices continued to advance, wages tended to keep pace and, in turn,

prices would rise again, in a vicious circle. The ever-rising cost of living was laid at the door of the Federal Reserve Board by many of those individuals who a year and a half later blamed an opposite movement to the same organization. In August, 1919, the Banking and Currency Committee of the Senate was instructed to investigate and report "on the advisability of legislation to provide for the gradual reduction of the volume of currency in circulation." The Federal Reserve Board was consulted, inasmuch as the presence of the Federal Reserve notes in circulation was regarded as a possible cause of all the country's monetary and inflationary ills at the time. In a letter dated August 8, 1919, among other pertinent questions, the Board called attention to the fact that the volume of Federal Reserve notes in circulation cannot become excessive . . . "there cannot at any time be more Federal Reserve notes in circulation than the needs of the country at the present level of prices require, and as the need abates, the volume of notes outstanding will be correspondingly reduced through redemption." This document closed with a paragraph worthy of quotation in full:

"The Federal Reserve Board believes that any currency legislation at this time is unnecessary and undesirable, and would suggest that, whether viewed from an economic or financial standpoint, the remedy for the present situation is the same, namely to work and to save; to work regularly and efficiently in order to produce and distribute the largest possible volume of commodities; and to exercise reasonable economies in order that money, goods, and services may be devoted primarily to the liquidation of debt and to the satisfaction of the demand for necessities, rather than to indulgence in extravagancies or the gratification of a desire for luxuries."

Early in the autumn of 1919, the Federal Advisory Council recommended that all rates be raised, but at the urgency of Treasury officials, who stated that after January 1 no objections would come from that source, action was deferred. Prevailing rates abroad were much higher than those maintained by the Federal Reserve System, and brought additional stress on the American money market, with consequent high rates for call money, and commercial paper at six to eight per cent. Conditions grew so strained that during November Federal Rates were put up one-quarter of one per cent, a rise too small, however, to exert any counter influence to the trend toward inflation. The condition in which the railroads were left when government control ceased, was a contributory factor to the strain upon

the country's banking machinery, inasmuch as crop movement was severely hampered by lack of railroad equipment. Furthermore, there existed a strong tendency on the part of many producers to hold for higher prices, which in turn reacted upon the demand for credit, while swollen inventories constituted the last straw on the camel's back.

Matters were allowed to drift from bad to worse during the early months of 1920. There was a meeting of the Federal Advisory Council with the Federal Reserve Board on May 18 of that year, which has often been miscalled the "Secret Meeting," the "Crime of 1920," the "great conspiracy," and other names indicative of criminal intent against this or that class of industry.

The charge of secrecy against the May meeting was readily proved false. The Federal Reserve Act (Section 13) required this Federal Advisory Council (a group of twelve bankers, one from each Federal Reserve district elected by the Board of Directors of each of the respective Reserve institutions), to meet at least four times a year. The function of the Council was to advise the Federal Reserve Board about the affairs of the reserve banking system. Class "A," or banker directors of Federal Reserve banks, were invited to attend this gathering and a number of them were present. There were also in attendance some members of the Orderly Deflation Committee of the American Bankers Association.

The necessity for holding such a meeting at that time is apparent from the fact that on May 17, 1920, the day before this group convened, the United States Senate unanimously passed the following resolution:

"RESOLVED, That the Federal Reserve Board be directed to advise the Senate what steps it proposes to take or to recommend to the member banks of the Federal Reserve System to meet the existing inflation of currency and credits and consequent high prices, and what further steps it proposes to take or recommend to mobilize credits in order to move the 1920 crop."

The meeting in its very nature emphasized the necessity for wide publicity. Its keynote was a comprehensive address by Governor Harding of the Federal Reserve Board, describing existing conditions. As soon as the meeting was opened for general discussion, the late Mr. A. B. Hepburn, a prominent New York banker arose and said:

"I would like to inquire if any arrangement has been made to

place your opening remarks before the public, Governor Harding, because if not, I think that should be done and that they should be given the widest distribution."

Governor Harding replied: "I have a synopsis prepared which was given to the press on yesterday for release tomorrow morning."

Reports of this "secret" meeting appeared in daily newspapers the country over, and a public statement was sent to newspapers giving details of the discussion which took place. Here are quotations from Governor Harding's opening address, which were widely circulated:

"Our problem, therefore, is to check further expansion and to bring about a normal and healthy liquidation without curtailing essential production and without shock to industry, and, as far as possible, without disturbance of legitimate commerce and business. . . .

"The solution of the problem confronting us will require the cooperation of all banks and the public. Whatever personal sacrifices may be necessary for the general economic good should be made. The wartime spirit to do things that are worth while must be revived, and there should be the fullest coöperation in an effort to produce more, save more, and consume less. The banks should lean less heavily upon the Federal Reserve banks, and rely more upon their own resources. Unnecessary and habitual borrowing should be discouraged, and the liquidation of long-standing non-essential loans should proceed. Drastic steps, however, should be avoided and the methods adopted should be orderly. Gradual liquidation will result in permanent improvement, while too rapid deflation would be injurious and must be avoided.

"No express condition is made [in the Federal Reserve Act] regarding the essential or non-essential character of the transaction giving rise to a note which may be offered for discount, and the Federal Reserve Board is not required and properly could not be expected generally to adopt such a criterion of eligibility. It is too much a matter of local conditions and local knowledge to justify at this time any general country-wide ruling by the Board, even if such a ruling were deemed helpful.

"On the other hand, there is nothing in the Federal Reserve Act which requires a Federal Reserve bank to make any investment or to rediscount any particular paper or class of paper. The language of both sections 13 and 14 is permissive only. Section 4 of the Federal Reserve Act, however, requires the directors of the Federal Reserve

bank to administer its affairs 'fairly and impartially and without discrimination in favor of or against any member bank,' and subject to the provisions of law and the orders of the Federal Reserve Board to extend 'to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.' Thus the directors of a Federal Reserve bank have the power to limit the volume and character of loans which in their judgment may be safely and reasonably made to any member bank."

The desire of the Federal Reserve Board to have the people get the facts about the meeting was emphasized by the following resolution, which was unanimously passed:

"Resolved, That the bankers here assembled, in their capacity as members of the Federal Advisory Council, in their capacity as directors of the Federal Reserve banks of the country, in their capacity as members of the Orderly Deflation Committee of the American Bankers' Association, and in their capacity as officers and directors of banks doing business in their various cities of the country, approve the sentiments expressed in the very able address of Governor Harding as representing the views of the Federal Reserve Board, and also be it

"Further Resolved, That they believe that the widest publicity should be given the address, and further that they hereby agree to abide by the spirit of the address in the conduct of their own affairs, and that they will encourage its general adoption by the bankers and people of our country."

It was out of this meeting that most of the fanatical charges against the Federal Reserve System have come, particularly the accusation that the Board was responsible for the deflation which took place in 1920, and especially for that of the farmer.

Economists, however, are agreed that deflation started in Japan and proceeded to some lengths before it reached the United States. In short, it was a world-wide movement, not confined to any country, not to any class in any particular country. It is true that it started in the United States in May, 1920, the time of the so-called "Secret Meeting" of the Federal Reserve Board. But significantly enough, despite the "Secret Meeting," and despite the fact that deflation began in May, 1920, for seven months thereafter loans made by the Federal Reserve banks to their member banks increased in large measure before they commenced to drop. Government figures show

that wholesale prices of commodities taken from a large number of common articles decreased thirty-two per cent from January 1, 1920, to January 1, 1921, and figures from the Department of Agriculture, giving average prices by the month on agricultural products show that wheat dropped from $2.54 in July, 1920, to $1.49 in January, 1921, a decline of 41.4 per cent in six months; oats dropped from $1.04 in July, 1920, to 46 cents in January, 1921, a decline of 55.8 per cent in six months; corn dropped from $1.86 in July, 1920, to 67 cents in January, 1921, a decline of 63.9 per cent in six months; and cotton fell from 37.4 cents in July, 1920, to 11.5 cents in January, 1921, a drop of 69.3 per cent in six months.

While the price of corn was declining $1.38 a bushel or 63.8 per cent between May 15 and December 11, 1920, loans of the Federal Reserve Bank of Chicago to Illinois member banks exclusive of Chicago expanded $5,812,000 or 66.3 per cent. While hogs declined $7.55 per hundred pounds or 43.9 per cent, between September 20 and December 11 of the same year, loans to Illinois members outside of Chicago expanded $6,303,000 or 76.1 per cent. Steers declined $4.55 per hundred pounds, or 29.3 per cent, from September 18 to December 11, during which period loans to Illinois members outside of Chicago expanded $6,303,000 or 76.1 per cent. These facts demonstrate beyond question the substantial relief obtained by member banks from the Federal Reserve Bank of Chicago for the people in their time of distress, and should lay at rest forever, the charge of discrimination against the farmer, or any other class of economic society, in the matter of after-war adjustment or price fluctuation.

The Federal Reserve banks could have influenced these downward price movements in only two ways, i. e., by the contraction of loans, or by the contraction of currency. The rediscounts of all the Federal Reserve banks for member banks on January 1, 1920, were $2,215,305,000, whereas on January 1, 1921, they were $2,687,393,000, showing an increase in the year of 1920 of $472,088,000. Rediscounts of the Federal Reserve Bank of Chicago for member banks on January 1, 1920, were $267,639,000, and on the opening day of the year 1921 stood at $475,563,000, an increase during the year 1920 of $207,924,000. Federal Reserve notes in circulation in all Federal Reserve banks on January 1, 1920, were $3,008,878,000, but on the corresponding date of the following year stood at $3,336,-281,000, showing an increase in circulation during that year of

$327,403,000, while the circulation of the Federal Reserve Bank of Chicago increased by $45,256,000 during 1920.

The figures show positively that the decline in prices of commodities, and especially agricultural products, was not due to any action of the Federal Reserve System. They cover the period over which drastic deflation was taking place. The truth is that not only did the Federal Reserve banks have no part in the decline of farm products but that, in an effort to protect the agricultural communities, a very large part of the increase in loans carried by the System during 1920 came from agricultural districts and these loans were made for the benefit of agriculture.

Congress became alarmed at the situation created by the progress of the inflation movement, and in 1921, in order to discover a remedy, appointed a Joint Commission of Agricultural Inquiry, a non-partisan commission charged with the duty of investigating the causes of the existing condition of agriculture, together with an analysis of the banking and financial resources and credits of the country. Among other questions thoroughly investigated by the Commission was the organization and operation of the Federal Reserve banks and their activities, in relation to any part they might have had either in causing the crisis or in attempting to avert it. Following is the personnel of the Commission:

Sydney Anderson, Minnesota, Chairman

HOUSE MEMBERS	SENATE MEMBERS
Ogden L. Mills, New York	Irving L. Lenroot, Wisconsin
Frank H. Funk, Illinois	Arthur Capper, Kansas
Hatton W. Sumners, Texas	Charles L. McNary, Oregon
Peter G. Ten Eyck, New York	Joseph T. Robinson, Arkansas
	Pat Harrison, Mississippi

Clyde L. King, Economist
Irving S. Paull, Secretary

The Commission found definitely that the Federal Reserve banks very materially increased their loans in agricultural sections during the period of deflation. The report on that question said:

. . . "between May 4, 1920, and April 28, 1921, the loans and discounts of banks in agricultural counties throughout the country declined $36,500,000, or slightly more than 1.2 per cent; the loans and discounts of banks in semi-agricultural counties declined $18,700,000, or 1.3 per cent; and the loans and discounts of banks in non-agricultural counties declined $827,100,000, or 5.6 per cent. The borrowings from the Federal Reserve banks by banks in agricultural counties increased $127,600,000 or 56.6 per cent; borrowings

by banks in semi-agricultural counties remained practically stationary; and the borrowings by banks in non-agricultural counties declined $629,100,000, or 28.5 per cent."

The report further states:

"An analysis of the figures in these studies seems to justify the conclusion:

1. That the expansion of bank loans in rural districts during the period of inflation ending June, 1920, was relatively greater than in the industrial sections, taken as a whole.

2. That the action of the Federal Reserve Board and the Federal Reserve banks during the fifteen months preceding April 28, 1921, did not produce a greater curtailment of bank loans in the rural districts than in the financial and industrial sections.

3. Credit was not absorbed by the financial centers at the expense of the rural communities for the purpose of speculative activities."

And on page 120:

"A comparison of the tables of rediscounts of agricultural and livestock paper with the table showing all other discounts indicates that the increase in discounts of agricultural and live-stock paper was relatively greater than the rediscounts of all other paper, and that the liquidation of discounts of agricultural and live-stock paper was relatively less than the liquidation of all other discounts."

Between December 31, 1919, and July 2, 1920, the Federal Reserve Bank of Chicago raised its rediscount rates one and one-half per cent, to a maximum of seven per cent, and loans to member banks increased from $267,638,175 to $430,234,292. Even after the increase in the rates, borrowings of member banks continued to expand, and it was necessary for some of the middle western and southern Federal Reserve banks to borrow over $250,000,000 from the eastern Federal Reserve banks to maintain their legal reserve against deposits and currency. The credit stringency was reflected in the continued borrowing between Federal Reserve banks every month of the years 1919, 1920, and 1921. The highest rate generally applicable to farm paper of ninety days to six months' maturity was seven per cent. The rates of the Federal Reserve Bank of Chicago from 1919 to 1921 on farm paper maturing between ninety-one days and six months was five and one-half per cent during the entire year 1919, raised to six per cent in January, 1920, and to seven per cent in June, 1920. In May, 1921, this rate was reduced to six and one-

half per cent, still further to six per cent in July, 1921, and to five per cent in November, 1921.

During the year 1920 the normal discount rates of the Federal Reserve Bank of St. Louis on commercial and agricultural paper did not exceed six per cent, and the normal rates on collateral notes or rediscounts secured by government war obligations were not in excess of five and one-half per cent. The normal discount rates effective at the opening and closing of the year ranged from four and one-half per cent on member banks' collateral notes secured by certificates of indebtedness to five and three-fourths per cent on rediscounts with maturities of one to ninety days secured by War Finance Corporation bonds and to six per cent on agricultural and live-stock paper, the latter level becoming operative July 1, and remaining in effect throughout the remainder of the year.

On May 26, 1920, the Federal Reserve Bank of St. Louis established what was known as a progressive discount rate, as distinguished from the "normal" rate. Under it a member bank was charged the normal discount rate on its borrowings up to the amount of its basic line—a computed figure representing the amount of potential Federal Reserve credit to which each member bank is entitled—and on each additional one-fourth of its basic line borrowed, one-half of one per cent was added to the rate. The basic line was calculated by adding the amount paid in by a member bank on its capital stock subscription to sixty-five per cent of its required reserve and then multiplying this total by two and one-half. The charges under the progressive rates were figured on the average borrowings of member banks for the same periods—seven days—used in figuring their average reserves. Liberty Bonds or Victory Notes actually owned by the borrowing bank on April 1, 1920, and Treasury certificates of indebtedness owned on date of hypothecation, were exempt from the application of the progressive discount rate. Other borrowings which perhaps reflected directly unwarranted credit expansion or frozen credits were subject to the progressive rate.

On December 31, 1920, there was a total membership in the Eighth district of 571, and the number subject to the progressive discount rate varied from twenty-eight in May to 111 in December. The number of banks which borrowed in excess of their basic line was continually larger than the number subject to the progressive rates of discount because of the exemption of collateral notes secured by government war obligations. There was, moreover, no

period during the year when twenty per cent of the member banks were paying a progressive rate of discount; over eighty per cent of the banks were receiving accommodation in the Eighth district at the normal rates. The average rate of earnings of the bank on all bills discounted for the last half of the year, exclusive of the interest earned under the schedule of progressive rates, was 5.64 per cent. The average rate of earnings, including the progressive rates, for the same months amounted to 6.13 per cent. At no time during the year, furthermore, did the average interest on all bills discounted reach as high as seven per cent.

The progressive rate of discount was in all probability originated by W. P. G. Harding, then governor of the Federal Reserve Board, and was authorized by a bill known as the Phelan Act, adopted by both the House and Senate early in 1920. The philosophy of the progressive rate was that, after a member bank had obtained a certain amount of rediscount credit, the cost of additional credit as imposed by the progressive rate, would deter application at the various Federal Reserve banks for further credit, thus relieving the Reserve institutions from creating hard feeling by refusing additional credit extension.

Many authorities regarded the Phelan Act as evasive, inasmuch as it sought to apply the brakes by an automatic method instead of by direct action. Indeed, while the original idea was to make the progressive discount rate compulsory upon the Federal Reserve banks, in its ultimate form it was optional, and was rendered operative by only four of the Reserve banks, namely, St. Louis, Kansas City, Atlanta, and Dallas. Dr. H. Parker Willis, in analyzing the propriety and efficiency of the progressive rate as applied, said in part:

"It was essentially another serious and regrettable departure from the theory of the Federal Reserve Act. That theory had been based upon the idea of unlimited discount of all offerings of paper of the eligible varieties, with general advances in rates or narrowing of eligibility for the purpose of applying a check when necessary. The Phelan Act adopted the opposite point of view and shaped its policy upon the theory that the best form of check to an over-rapid growth of credit was to be found in a cash penalty, afforded by the exacting of a progressive rate of discount from each customer. Later experience was to show in a definite way how unwise this plan certainly was, but it did not require experience to

perceive the theoretic defects of the scheme, since they were inherent and grew out of a desire to find an easy way of refusing something whose withholding could best and most wholesomely be accomplished by a blunt statement on the subject."

The progressive rate was not adopted by the Federal Reserve Bank of Chicago. No figures are available as to the extent to which southern Illinois banks were involved in its application through the St. Louis bank, but on the basis of the figures previously given, it is safe to say that only in a few cases did Illinois banks pay more than the normal discount rates for accommodation.

During 1921, rediscount rates at the Federal Reserve Bank of Chicago were reduced three times: on May 7, from 7 to 6½ per cent; on July 30, from 6½ to 6 per cent; and on November 3, from 6 to 5 per cent. These reductions did not seem to check the general decline of bills discounted, as member banks appreciated the importance of liquidating their borrowings to a level permitting them once more to operate on a basis of seasonal requirements. The slight increase in borrowings usual during the last four months of other years and resulting from demands for harvesting and crop movement, was not in evidence in 1921, a fact explained in part by advances totaling more than fifteen million dollars, made for agricultural purposes by the War Finance Corporation to the banks in the Seventh district.

Out of the total membership of 1,443 in the year 1921, applications for rediscount were received from 1,191 banks, 297 of which applications came from Illinois banks. Below is the number of applications with the amount of accommodation extended in that state during the years 1919 to 1925, inclusive:

	Number of Banks Accommodated (Illinois)	Amount
1919	208	$2,254,681,713
1920	277	2,982,797,786
1921	297	1,687,313,049
1922	282	628,790,000
1923	244	1,232,182,000
1924	242	348,697,000
1925	224	839,128,000

Operations of the Federal Reserve Bank of St. Louis during 1921 were affected by agricultural conditions in that district. Low

prices for practically all crops except cotton, coupled with high prices for necessary supplies, severely handicapped farmers in that District and throughout the middle west, as did a high level of freight rates, which in many cases rendered shipment of produce unprofitable. To offset reduced incomes it became necessary for farmers to practice rigid economies, and the soil was prepared and fall crops put in at lower costs, with the purchase of fewer new implements than had been the case in several decades. The situation was further complicated by the almost complete failure of the cotton crop, owing to an unfavorable growing season and widespread havoc on the part of boll weevils. Earlier in the year, in fact until August or thereabouts, extremely low prices for this commodity prevailed, but with the beginning of September cotton prices moved steadily upward, and were well sustained. Fruit crops were practically ruined by spring freezes and cold weather; the general average of other small crops, however, was about on a par with that of other years. Every possible assistance was given by the Federal Reserve Bank of St. Louis to the farming industry through its member banks. Toward the end of 1921, the demand for credit in country districts in the territory under the jurisdiction of the St. Louis institution, was mainly for the purchase of livestock, and credit in large volume was granted for this purpose. For Illinois members to the number of 181 in that year, the Federal Reserve Bank of St. Louis discounted $95,674,607 of paper, 105 different institutions utilizing the discount privilege, compared with 103 in 1920, using $122,458,460 of Reserve credit.

At the advent of 1922, with the war rapidly becoming a memory and readjustment nearing accomplishment, operations of the Federal Reserve Bank of Chicago indicated increasing service to member banks, and indirectly to business generally, through clearing and collection, transfer of funds, and currency functions. Discount operations showed a marked reduction in volume of business from the preceding year because of continued liquidation, and fiscal agency operations also decreased somewhat, but in practically every other department of the bank a distinctly heavier volume of work was performed, in most cases with reduced working forces. This greater efficiency resulted in part at least from better facilities in the new building, completed that year.

Of vital importance to the welfare of the Seventh district was the liquidation which took place in rural sections. This readjust-

ment was naturally slower in agriculture than in other lines, but increased prices for farm products permitted the farmer to liquidate in 1922 to such an extent that indications at the end of the year pointed to a general financial recovery much sooner than seemed possible at the year's beginning.

In commercial and industrial lines in 1922 there was a continued effort to work off large inventories, resulting in a substantial reduction of indebtedness. A material improvement resulted in industrial and commercial undertakings, especially since large charge-offs against inventories were made at the end of 1921. These factors working in agricultural and industrial communities effected a general betterment in the character of bank assets. Discount rates, which were five per cent at the beginning of 1922, were reduced to four and one-half per cent on all classes of paper on March 25, this rate remaining operative during the rest of that year, and until a rate of four per cent on all maturities became effective on June 14, 1924.

The general business improvement the country over was felt to the fullest extent by the Federal Reserve Bank of St. Louis. In sharp contrast to the preceding year, fruit and vegetable crops in the Eighth district were large. Late fruit and small crops were likewise heavy, but as a result of excessive production and consequent price drops, together with miserable transportation facilities, profits to producers were not uniformly satisfactory. Car shortages throughout the marketing season constituted a serious handicap, and there was also universal complaint of high freight rates which, for long hauls, absorbed a major part of growers' profits.

Generally speaking, the year 1922 was one of plentiful money, especially during the closing months, when financial institutions in the Eighth district were seeking an outlet for their surplus funds and turned for investment to commercial paper, acceptances, government securities, and other bonds. The constant drain on Federal Reserve bank resources characteristic of the preceding years, abated in the summer months of 1922 and, with the effects of augmented production, larger commercial needs, and more universal employment of labor, commodity values began to turn upward. In the late summer the usual demands for currency and credit to finance crop movement put in their appearance; these, coupled with requirements incident to improvement in general business and an active holiday trade, resulted in increased loan activities on part of member banks with the Federal Reserve bank. Paper to the amount of $65,791,458

was discounted by the St. Louis Reserve bank for 108 different member banks in Illinois, compared with 105 the preceding year, employing $95,674,607 of Federal Reserve credit.

So far as Federal Reserve bank operations are concerned, the year 1922 may be regarded as the end of the post-war adjustment period—a time of storm and stress scarcely surpassed by the war years themselves, but without the fever of patriotism which made mountains out of mole hills in the solution of problems connected with the successful prosecution of the war. The Federal Reserve System proved its mettle in handling the diverse and complex situation facing it from the moment of its establishment in 1914, when the two banks serving Illinois opened within a few months after the beginning of the European war. After our own entrance into the war, there was thrown upon the Federal Reserve banks the work of financing hostilities on a scale hitherto undreamed of. We have seen how this was done, and it has been made clear that without the System the financial phases of the war would have presented insuperable obstacles. The conduct of the System during the trying period of deflation served as a cushion of credit between the commercial banks and the public, instead of bringing on deflation as so frequently charged. The System lightened the burden of this deflation on all classes, farmer and industrialist alike. It is now left to chronicle the salient features of Federal Reserve banking in Illinois when the System was operating under more or less normal conditions, a situation which the press of economic circumstances since 1914 prevented until 1923.

CHAPTER XXVII

THE FEDERAL RESERVE IN NORMAL TIMES

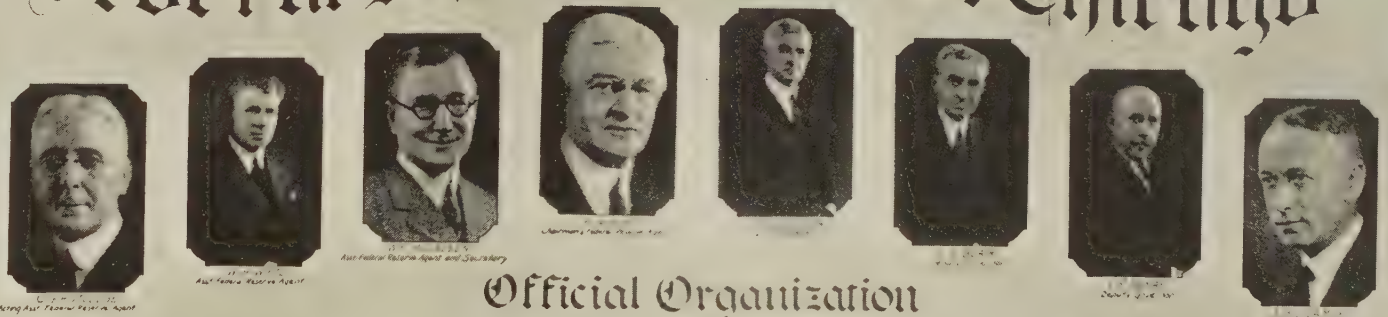
Place of the System in times of normal finance—Open market operations—Conditions in 1923, 1924 and 1925—Evaluating the System after eleven years—Statistical service—The System is approved—Increased confidence—Stabilized interest rates—Process for expansion and contraction of currency—Development of commercial paper and bankers' acceptance markets—Advantages and criticisms of the plan for check collection.

With the war and its immediate after-effects a thing of the past, the old problem of the proper place of Federal Reserve banks in our financial structure again came to the front. In times of stress such as those just experienced, little question was raised regarding their proper function. As early as 1914, the Federal Reserve Board announced the key-note of the answer to this query, in its Annual Report, covering operations of the banks from their opening on November 16, 1914, to the close of the year:

"The question, however, naturally suggests itself and must be frankly faced: What is the proper place and function of the Federal Reserve banks in our banking and credit system? On the one hand, it is represented that they are merely emergency banks to be resorted to for assistance only in times of abnormal stress; while on the other it is claimed that they are in essence simply additional banks which should compete with the member banks, especially with those of the greatest power. The function of a Reserve bank is not to be identified with either of these extremes, although occasions may arise when either of such courses may be imperative. Its duty plainly is not to await emergencies, but by anticipation to do what it can to prevent them."

This problem of the proper role to be played by Reserve banks in normal times is in effect identical with that involved in the employment of their surplus funds. The Federal Reserve Act in Section 14 provides for open market operations by the Federal Reserve

Federal Reserve Bank of Chicago



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banks, whenever it should seem desirable to enter upon them. Inasmuch as the Federal Reserve banks were designed to stabilize the money market the essence of the Board's philosophy would appear to be contained in its first Annual Report, in the words:

"Normally, therefore, a considerable proportion of its resources should always be kept invested by a Reserve bank in order that the release or withdrawal from active employment of its banking funds may always exercise a beneficial influence. This is merely saying that to influence the market a Reserve bank must always be in the market, and in this sense Reserve banks will be active banking concerns when once they have found their true position under the new banking conditions. . . .

"It will take time for the new banks to develop the technique of control and skill and experience in its application. The ascertainment of the correct base from which comprehensive operations should begin: the establishment of a normal level from which expansions and contractions will freely take place will have a most important bearing upon the future development and success of the System. Impatience to show results should not be permitted to tempt those in charge of the Reserve banks into precipitate and unwise action."

In 1923, the year in which the System had its first opportunity to operate normally, the Federal Reserve Board in its Annual Report discussed Federal Reserve discount and open market policies at great length. It was pointed out that open market operations were capable of giving effective support to the discount policy of Federal Reserve banks without an accompanying change of rates. An "open-market" operation consists in the purchase or sale in the general or open market by a Reserve bank of such classes of investments as it is authorized by the Act to buy and sell, namely, cable transfers, bankers' acceptances, bills of exchange, securities of the United States Government, and certain types of obligations of minor political subdivisions. By a rediscount operation, is meant the rediscount by a member bank with a Reserve bank of the paper of its customers, when that paper conforms with the eligibility tests set up by the Reserve Act. Thus, there is no open market for customers' paper or so-called line of credit loans. Indeed, an important purpose of the Federal Reserve Act was to improve the status of customer paper of eligible character.

This analysis further said that there could be no doubt that the Federal Reserve Act looked forward to the ultimate development

of an open market of considerable extent in the United States for dealings in short-term bills of the kinds described in Section 14 of the Act itself, and that it was expected and desired that the Federal Reserve banks enter upon open-market operations much as did the central banks of foreign countries, by the purchase or sale of securities for the purpose of exerting an influence on the state and the course of credit.

During the earlier years of the System's operation, the open-market dealings of the twelve banks far exceeded the volume of their rediscounts for member banks. This situation arose from the easy money conditions then prevailing, the large influx of gold from Europe, and the strong reserve position of member banks. All this made it possible for member banks to care for the greatly increased needs of their customers without extensive recourse to rediscounting with the Federal Reserve banks. Thus the Reserve banks entered upon the open market at this time partly to secure earnings on investments from which their operating expenses could be defrayed, but largely also for the purpose of building up a broader discount market in the United States by encouraging the use of bankers' acceptances and by freely dealing in them.

St. Louis in 1922 increased its purchases of acceptances and government securities in the open market because of the decline in borrowings by member banks, holding on December 31, 1922, purchased bills to the amount of $13,028,000 as compared with only $218,000 on the corresponding date in 1921. A total of $33,736,031 of bills was purchased in the open market during 1922, of which nearly all ($32,441,031) were bankers' acceptances, and only $1,295,000 bills to furnish dollar exchange. A total of $145,239,550 of government securities was acquired by the St. Louis bank in 1922, an increase of $99,622,550 over the amount bought in the preceding year. In 1923, however, on account of the increased demand for accommodations from member banks, the pendulum swung the other way and open market operations were considerably less extensive than in 1922, purchases of bankers' acceptances aggregating $35,011,449, compared with $46,840,682. The majority of acceptances were bought during the early months of the year and were of short maturities, so that bill holdings steadily declined to meet the increase in discounts for member banks. Purchases of government securities amounted to $85,257,200 as compared with $145,239,550 in 1922. Special certificates of indebtedness, running for a day or so, to cover

temporary advances, comprised the majority of this amount. The year 1924 saw another marked increase in the volume of open-market operations, and acceptances amounting to $50,731,975 were purchased for the bank's own account, as compared with $35,011,449 in 1923. No bills were purchased from the portfolios of other Federal Reserve banks in 1924, whereas during the preceding year 140 bills representing $2,431,900 were bought.

In Chicago the trend of open-market operations was substantially the same as that of St. Louis, except that in 1923 the volume of bankers' acceptances showed a slight increase over 1922; bonds and note purchases as well as certificates of indebtedness, however, declined from the preceding year, though less markedly than was shown by the figures for the Eighth district. Less activity in the matter of investments occurred in Chicago in 1924, whereas St. Louis reported an increase.

In general, the operations of the Federal Reserve Bank of Chicago in 1923 reflected the continued expansion of production and trade in the middle west. Borrowings of member banks in that year averaged higher but increased to a lesser degree than production and trade. An important development during the year was the continued progress in agricultural sections toward the liquidation of slow loans, a movement under way at the close of the preceding year. Departments of the Reserve bank as a whole carried an increased volume of work, exercising their functions, however, with no increase in personnel. This higher average of loans in 1923 was directly traceable to financial operations in larger centers and to the increasing commercial demand. The requirements of country banks steadily decreased from the first of the year until the middle of September when seasonal needs reversed the trend. Generally speaking, crops were good, and corn, hogs, and cattle brought fair prices. Improvement in volume and price of dairy products was a material factor in the betterment of the agricultural situation in some sections of the district. Loans in industrial and commercial centers showed a steadily increasing trend throughout the year.

Operations the following year (1924) were influenced by the improved position of member banks in the district, which enabled them to meet a large proportion of the demand for accommodation from their customers with lessened recourse to the Federal Reserve bank. Business and industry were on a generally lower level than during the preceding year; toward the close, however, better sentiment on

all sides gave rise to a slight acceleration of enterprise in many lines. Agriculture in the greater part of the district received a severe blow in the poor corn crop, a loss partially offset by better yields and prices for other grains and crops, but constituting a distinct handicap to agricultural recovery. Because of favorable market conditions for hogs and carry-over of some crops from the preceding year, however, many banks were enabled to pay off their indebtedness entirely and others to make substantial reductions. During the closing weeks of 1924 liquidation of agricultural credits was less rapid, the result of heavy shipments early in the fall of light-weight hogs because of lack of feed as well as the inferior corn crop. Loan and discount operations during the year reflected continued liquidation in commercial, industrial, and agricultural lines; easier conditions in commerce and industry resulted in an increase of deposits in member banks and a slackening of demand for loans from the Federal Reserve bank, which enabled the banks in the larger centers to eliminate their borrowings entirely. The easing tendency in the money market was shown by the reduction of the bank's rediscount rate from four and one-half to four per cent.

The year 1925 witnessed a generally expanding scale of industrial activity, an almost unprecedented turnover in the stock market, and continued improvement in agricultural sections of the district—conditions resulting in a gradually rising level of loans to members, and a receding volume of investment activities.

In evaluating the work of the Federal Reserve System after eleven years of service, it must be remembered that only three of those years, 1923, 1924, and 1925, can be termed normal. The other eight were divided between the abnormalities of wartime and the even greater ones, in an economic way, of the period of readjustment from 1919 to 1923.

Prior to our entry into the war, the Federal Reserve banks had no opportunity to make their introduction into our banking machinery a particularly vital matter. They had been helpful in bringing the country back to a more or less settled condition after the upheaval of the summer of 1914; nevertheless, they were on trial, and the banking world in general was waiting to be shown convincing justification for the Federal Reserve Act.

A system such as the Federal Reserve, comprised of twelve more or less separate entities, co-ordinated and supervised by a central authority, differs in many respects from the central banks of issue

of countries like England or Germany. The economic and banking problems of New York, for example, are quite different from those of the middle west, and Minneapolis has a far different set of problems to meet than has the Federal Reserve Bank of Dallas. It was this diversity of interests in the several sections of the United States that prompted the framers of the Federal Reserve Act to organize the system on the so-called regional basis, rather than along the lines of one central institution.

In the early years of the Federal Reserve System, the question of formulating a discount policy was not nearly so difficult to answer as later on, when business under stimulation of European war buying began to draw more heavily on the Reserve banks. This expansion of the use of credit necessarily called for a careful study of the needs of the country, with a view to adopting a discount policy that would meet immediate requirements and safeguard against future contingencies, such as the possibility of our being drawn into the European struggles. Statistical data on current business, whether of production, distribution, or consumption, was decidedly unsatisfactory, and a great deal of it was not comparable—a mere mass of unrelated figures.

The Federal Reserve Board struggled with these data, as did some of the individual banks, and finally came to the decision that if it were to attempt anything like a scientific study of the general credit situation in the country, with a view to determining a far-sighted and comprehensive discount policy, a reporting service must be organized. Steps were taken to map out such a service and an extensive schedule of statistical data was laid out.

The development of this service in the individual banks was first undertaken in the Federal Reserve Bank of Chicago. This was started in 1918 and was followed early the next year by the New York bank. Through the coöperation of producers and distributors, it was attempted to bring together vital data relative to those basic activities which involve the use of large volumes of credit. Primarily, these data were compiled for the purpose of advising the Federal Reserve Board at Washington of changes and conditions. The Board, however, impressed with their worth as a stabilizing influence in the business world, decided that each one of the banks, after the features of various reports had been co-ordinated, should publish and distribute reviews to its member banks and to those business men who had coöperated by furnishing statistical data.

Thereafter each department engaged in this business reporting service concentrated its efforts on a close study of agricultural, industrial, and financial conditions in its own district. This was soon worked out in the most direct manner possible, that is, by monthly reports and statistics supplied by the business men themselves. These reports, collected and tabulated in each of the districts, still furnish a timely and definite mass of information, much of it comprising data of a confidential character which are used only when combined with other similar data. Through this service there comes from farmers and business men of the country information which guides the Federal Reserve banks in serving the credit needs of the nation, and of such great import has this become as to necessitate the employment of a staff of analysts in each of the Federal Reserve banks.

Another phase of the work of the Divisions of Research and Statistics is the collection each week of a condensed statement of condition from a list of selected member banks. In the Seventh Federal Reserve district, these data come from one hundred member banks which represent seventy-one per cent of member bank resources and more than forty per cent of the total banking resources of the district. To make the data representative, they are compiled in three groups—member banks of Chicago, the Federal Reserve city; those of Detroit, the branch city; and other selected cities, including all the Reserve cities. Because this work is consistently carried out in all districts it gives the Board within a week reliable banking statistics of the country as a whole.

The Division of Research and Statistics of the Federal Reserve Bank of Chicago receives each month first-hand data from about 1,500 different firms and associations in the Seventh district, covering the majority of lines of importance in the district, and some of national scope. Included in the current statistics of this bank are shipments and sales of meat packing, automobiles, agriculture, dairy products, implements, furniture, flour milling, iron and steel, merchandising, wholesale, retail, and chain store, as well as data on employment and wages. More than eighty different items are carried as index numbers based on the latest returns from reporting sources. These furnish the business and banking interests of the middle west, and especially of the Seventh district, with accurate statistics.

As already pointed out, the Federal Reserve System has been the target for all manner of unjust criticism. Although even the

warmest friend of the System cannot claim perfection for it, nor the exercise always of what might be good judgment in the light of later experience, it must be borne in mind that the System has had to solve problems with no precedent either at home or abroad. The mere solution of them, whether or not in the best manner possible, constitutes in itself a service to business and banking in establishing precedents upon which to base future actions. It is scarcely fair to expect perfect efficiency from the directors and officers of twelve banks of a system created but little more than a decade ago.

The present attitude of banking sentiment in Chicago toward the System is well expressed in a speech of Melvin A. Traylor, President of the First National Bank of Chicago, given before the Montana Bankers' Convention, at Glacier National Park, July 11, 1925. The earlier portions of the address were confined to a discussion of the problems of the live stock industry since 1920, particularly in the matter of export, because of shifting exchange values:

"But now the recent action of Great Britain in declaring that it will again redeem its paper money in gold means that British buyers of American products can pay for them with money which has a fixed value, money which is accepted the world over at its face value in gold. With the return of Great Britain to the gold standard, a majority of the countries of Europe now have paper currencies equal to gold.

"American bankers have assisted in the British return to the gold standard by giving a $100,000,000 credit to the British government. But more important than this was the action of your Federal Reserve bank and the other eleven Reserve banks in granting the request of the Bank of England for material coöperation. They have, as you know, placed $200,000,000 in gold at the disposal of the Bank of England for two years, to be used by it, if necessary, in maintaining the gold standard. I have no doubt that the readiness of the Reserve banks thus to coöperate with the Bank of England was an important influence in the willingness of the British people to take this all-important step for the preservation of the gold standard.

"This action of the Reserve banks was a most constructive step in aid of American farmers and producers who will benefit greatly by the removal of this element of uncertainty from their export transactions.

"If all the sins of omission and commission charged against the

Federal Reserve System by bankers, business men, live-stock men, or political blatherskites in the last five years were true, and practically none of them are, the service rendered the commerce and industry of the country and of the world by the System in connection with the restoration of the gold standard in so large a part of the world would far outweigh any mistakes that those in charge of the System may have made; and no banker, business man, or farmer should permit any self-serving declaration by favor-seeking demagogue to swerve him from a determination to see that the System is maintained and preserved for the future welfare of the business of the country.

"Not alone in connection with this matter, however, has the Federal Reserve System been of service to our people. Notwithstanding we hear frequently these days expressions of dissatisfaction with business conditions, we know very well that fundamentally conditions are very sound and that we are actually doing a very large volume of business, no little part of which is due to the equalizing and stabilizing effect exercised by the Federal Reserve System on the credits of the country. Throughout all the stress of the last five years there have been no times of either stringency or plethora of bank credit. Rates have run along on a rather level keel and in my judgment have had much to do with the stable volume of business which we have enjoyed, and which is quite contrary to the old experience of the aftermath of panics, when the first effect has been very cheap credit and secondary inflation, with its accompaniment of tight money again and a further depression.

"Whether the new method of conducting the business of the country is to be permanent or not, one cannot very well guess, but it is very certain that at the present time the so-called hand-to-mouth buying is very soundly entrenched; that it is sane and makes for steadier and more wholesome conditions, seems to me obvious. With greatly expanded facilities for manufacture, with the best transportation system in the world, and with assured credit facilities for handling the needs of business, it would seem unreasonable that we should in the near future resort to the old method of speculation such as is inseparably tied up with large future commitments in anticipation of buying demands. If we will preserve our transportation system in its present state of efficiency, together with a credit structure as only the Federal Reserve System can guarantee, I feel we

need have no apprehension, but on the contrary sound optimism for the future."

Similar approval by the great majority of bankers in the United States was amply indicated at the annual convention of the American Bankers' Association of 1925, at which the question of the perpetuation of the Federal Reserve System held one of the main points of interest on the program. Expressions given at that time indicated that banking opinion was all but unanimous in the sentiment that everything possible should be done to insure the permanence of the System as a fixture in the banking structure of the nation. William E. Knox, President of the Bowery Savings Bank of New York, who was then President of the American Bankers' Association, in his address before the convention, said in part:

"It is essential to the whole economic fabric of the country, industrial and commercial as well as financial. Our single aim and purpose should be to support the Federal Reserve System, to see that the charter is extended for a long time, or indeterminately, and only to be terminated by the action of Congress, and to do all in our power to perpetuate the System."

Other speakers praised the System by recounting how it had begun existence at a time when it was tested by war conditions of utmost rigor and yet it met every necessity and saved the country from calamities which, without the Federal Reserve System, must undoubtedly have befallen.

Both at this convention and elsewhere, it has been frequently pointed out that during the first ten years of the operation of the System there was developed a confidence in the future never before possible to American business. If one were to study a diagram of business fluctuations during the twenty-five years prior to the establishment of the Federal Reserve System and for the first ten years of its existence, one would find there the panic of 1893, the Free Silver Panic of 1896, the period of credit stringency of 1900, the Rich Man's Panic of 1903, the panic of 1907; and then in 1914 there came the Federal Reserve System and there were no further money panics. Thus is made plain the ability of the Federal Reserve System to serve its purpose of being a system of banks for banks, to help bank customers—the business men, farmers, working men, manufacturers—all the people of the nation.

The same machinery which creates confidence on the part of the

business public and prevents money panics, also stabilizes interest rates. After all, interest rates are merely the current rental rates for money and when that commodity can be neither hoarded nor released to the point where it can long remain either too plentiful or scarce, it naturally follows that its rental cost must follow a comparatively steady, non-fluctuating trend. While the Federal Reserve System cannot control these rates by an actual increase or decrease in the accumulation of capital, it has supplied a credit elasticity which enables banks everywhere, under all conditions, to adjust their reserve positions accordingly.

Before the establishment of the Federal Reserve System the note currency of the country could not be expanded and contracted in accordance with seasonal needs. Federal Reserve notes, however, give this much desired quality, nicely adjusted to commercial and other needs, because they are issued on a security which consists in part of borrowers' paper, and are withdrawn from circulation as rapidly as such paper is called in for payment. This paper, backing the notes of the Federal Reserve Bank, may be that of farmers, manufacturers, or merchants. It may represent products in the process of production or marketing, or goods in movement to market, on hand, or in the process of export or import. It naturally follows that with this type of security, when the volume of business decreases, borrowers return currency to their banks in payment of their loans and the banks, in turn, ship that same currency to the Federal Reserve banks to liquidate their borrowings. The Federal Reserve banks thereupon retire from circulation an equivalent amount in Federal Reserve notes, thus keeping the amount of money in circulation in adjustment with the requirements of the time and locality. It is reported that in 1920 Federal Reserve notes made up about seventy per cent of the money in circulation in the United States, and in 1925 they were about one-half.

Because of the ability to circulate this form of currency with a security partly of gold and partly of commercial paper, America was, for the first time in her history, able to pay war wages and war prices with a note issue always redeemable in gold at par.

Because of the relation of Federal Reserve notes to commercial paper, the System has created a broader discount market for commercial paper than this country ever before had. Prior to the coming of the Federal Reserve System, the great bulk of commercial paper in America was essentially local in nature with little or no

market outside of the community in which it was created. Similarly, the System has made possible the creation of a bankers' acceptance market corresponding to the London bill market. Under the encouragement of the Federal Reserve banks this market developed so rapidly that in 1925 there were some eight hundred million dollars of bankers' bills reported outstanding, a volume not far short of the amount handled in the commercial paper market. The bankers' bill market is important in that it is a "two-way" market. Dealers not only sell such bills to banks and other investors but they buy them from the same customers, and thus the holder of a bankers' bill can always get his money promptly either by selling to a dealer or to a Federal Reserve bank. Many commercial banks constantly carry such bills in their portfolios to be liquidated at a moment of sudden need. Prior to the opening of the Federal Reserve banks, bankers' acceptances were not created by the banks of America. The privilege of loaning credit as distinguished from loaning funds was first inaugurated by the Federal Reserve banks. But, in spite of this fact, the banks of the Federal Reserve System have not formed a primary market for such paper.

Another respect in which the Federal Reserve System has had a direct influence on the business of the country is through its system for check collection. Prior to the installation of this plan, it was customary for invoices to call for settlement in funds on a certain city, making it necessary for the man who purchased supplies in various parts of the country to go to his bank and buy drafts on the several places demanded by his creditors. With the installation of the Federal Reserve check collection system, however, it is possible for checks on the smallest bank in the smallest and most remote town in the country to be acceptable anywhere. This single phase of the Federal Reserve System has done for American finance a thing comparable to the establishing of a national currency.

Something of the early struggles for existence of the check collection system have been described elsewhere in this volume. However, it may be well to mention here that, even at this writing, the attempt to bring about nation-wide par clearance and collection of checks through Federal Reserve banks falls short of satisfying completely those on either side of the controversy.

Perhaps it would be more fair to describe that which the Federal Reserve banks seek as "par remittance" instead of "par clearance," for the System does not ask a commercial bank to handle checks at

any expense to itself without being reimbursed for that cost. It does ask, however, that no bank make a charge for paying a check drawn upon itself, just because that check is presented through the mails or through some other bank. It has long been the custom for all banks to pay checks on themselves in cash at par when presented over their own counters. There may have been a time when to do otherwise with the same checks when presented by mail was warranted. That practice, however, in the opinion of the majority of economists, has no justification in this day and age when, as a matter of fact, it is less expensive for a bank to pay such checks by draft on an interest-bearing account in a city bank, than to pay non-interest-bearing cash over the counter.

After many difficulties, the Federal Reserve Board changed the ruling in this regard to require that no Federal Reserve bank should receive on deposit or for collection any check drawn on any non-member bank which could not be collected at par in acceptable funds by the Federal Reserve bank of the district in which that non-member bank was located. This ruling went into effect in May, 1924. Thereafter there followed a number of futile attempts to secure a national bank which would bring suit against some one of the Federal Reserve banks for the purpose of regaining the right to deduct exchange on checks. Since, however, the plan of par collection has long been in operation and approved by the majority of leading bankers, its opponents are gradually sinking into oblivion and in time par remittance will, in all probability, become an established fact.

Whether or not the Federal Reserve banks themselves will go much further with a campaign for the adoption of nation-wide par remittance is open to doubt. It is hardly to be expected that these banks are in a position to carry on the struggle much longer. For them to do so would probably incur additional hostility in sections of the country which already regard the Federal Reserve System with disfavor. It would not, therefore, be advisable to do anything which might further reduce popularity of a System which has proved itself to be a real asset to the business of the United States. Henceforth, the problem of par remittance should be up to the commercial and business interests of the nation. Unless these see fit to assume the burden, the day of universal par remittance may be postponed into a far distant future, for those banks which are opposed to the plan will probably continue their objections so long as they remain

sufficiently in the minority to be able to make the major portion of their collections at par while their remittances go at a discount. Universal exchange charges, on the other hand, would eliminate this profit for banks; and it must be remembered that it would also constitute an unhealthy tax on business.

A careful review of the points on which opposition to the Federal Reserve System has arisen leads one inevitably to the conclusion that while the System is far from perfect in all its details, its fundamentals are sound and of tremendous value to American industry, commerce, and finance. Such opposition as does exist is due in large part to the fact that the nation's education toward an appreciation of the benefits of a central banking system has not yet even begun. This is plainly indicated in the fact that a majority of the alterations and amendments constantly being suggested for the System are either provided for in the Act as it already exists, are not justifiable, all things considered, or if adopted would work actual harm to banking and other interests of the country.

CHAPTER XXVIII

CHICAGO CLEARING HOUSE ASSOCIATION

Organization of the Chicago Clearing House, 1865—Custom of trading balances—Clearing after the fire of 1871—Results of the Panic of 1873—Incorporation in 1882—Use of Clearing House Certificates avoided in 1873 and 1893—Reorganized as a voluntary association, 1901—Men important in Clearing house affairs—Clearing House examination first installed in Chicago—Certificates used in 1907—The Great War—Early clearing—Growth of the Association.

The Chicago Clearing House Association started business on April 6, 1865. There was nothing particularly unique in its original undertakings, for the association was modeled on lines practically identical with those of similar institutions already well established in the east. Prior to this, on March 3, 1865, there had been held a meeting of the city's most prominent bankers, at which all arrangements were made for organizing the clearing house and where there were appointed as incorporators, J. H. Ellis of the Second National Bank, J. H. Bowen of the Third National, Josiah Lombard of the Fifth National, J. Young Scammon of the Mechanics National, S. B. Sturges of the Merchants National, and P. H. Westfall of the Commercial National.

The original constitution, the first of three, like all those following, provided for a clearing house committee of five bankers. Lyman Gage, who was then president of the Merchants Savings, Loan and Trust Company, was made chairman of the first committee and the men who served with him were John De Koven of the Merchants National Bank, Ira Holmes of the Third National, E. E. Braisted of the First National, and E. I. Tinkham of the Second National Bank. Mr. Gage was also elected manager of the clearing house at a salary of three thousand dollars a year, but never served in this capacity as he offered his resignation within a few days, and on April 8 G. A. Ives was appointed to take his place. W. F. Coolbaugh of the Union National Bank was the first president and Josiah Lombard of the Fifth National served as first vice-president.

The first rooms occupied by the association were in the Mechanics National Bank building on the floor above the banking rooms. These were secured at an annual rental of five hundred dollars and the association was obliged to provide its own heating equipment. It is interesting to read the treasurer's reports of those early days in which much comment is made on the size of the coal pile and the number of hods and shovels that were needed. In his report for the year 1866 the treasurer added a note saying "I have on hand and paid for, six months' supply of blanks, revenue stamps for the present quarter, and sufficient coal for the winter."

From the very beginning the association discriminated in its membership lists. Although there was no specific capital requirement to be attained before a bank might become a member, as early as April 8, 1865, only two days after the first clearings had taken place, two private bankers were refused membership. Within a short time the application of one of these was reconsidered and the president of that bank eventually became one of the association's strongest advocates of rulings to put private banks under the same rigorous requirements as were demanded of national institutions. It will be remembered that there were no state banks in Chicago in 1865.

At the time of this same meeting the organization had hopes of becoming so affluent as to require provision for the storage of money, and so space was rented in the vaults of the Merchants Savings, Loan, and Trust Company and authority was given "to purchase an iron or tin box in which to keep securities deposited as collateral for balances," which was to be kept in the vault. Clearings then were reported to have been between two and three million dollars, excepting immediately after the first of the month when the monthly settlements of the Board of Trade ran the total up to four or five million dollars.

Clearing house certificates with which to settle balances were provided for at some of the earliest meetings and soon the association developed a custom, peculiar to Chicago, of trading balances at the clearing house. It is said that this came about first through a desire on the part of the messengers to avoid the counting and carrying of so much money through the streets as was necessary in the cases of those settlements which were not made with clearing house certificates. This trading was done chiefly by the clerks at the clearing house who, as soon as they struck their own balances, and while the manager was entering the amounts upon his sheet and footing the

columns, would engage in loaning balances to the representatives of debtor banks. Before long the system had become so much a part of the clearing house routine that each bank definitely instructed its clerks as to the amounts they might trade and with whom. It is said that by the end of the nineteenth century as much as seventy-five per cent of all balances were disposed of in this way. So far as the association itself was concerned, any member might trade his whole balance or any part thereof and make exchanges with as many members as suited his convenience. It is recorded, for example, that in August of 1897 the Northwestern National Bank traded its balance with fifteen different banks on an occasion when its credit balance of $2,622,000—more than ninety-eight per cent of the credit balances of all the banks, as on that particular day there were only two other creditor banks in the whole list of twenty-two members. There were banks which preferred not to follow this convenient method, but those doing so made reports to the manager of the clearing house the same as for cash settlements and on a special blank for that purpose.

Shortly before the fire of 1871 the association invested a large amount of money in making its rooms attractive. Everything, except those records which were kept in bank vaults, was lost in the conflagration and for several days all business was suspended. On October 16, however, there was held a meeting to make arrangements for clearing such items as had accumulated since the fire. This meeting was held at seven o'clock in the evening and it was agreed that clearings should take place at once. Thereafter clearings were held in the regular manner at eleven each morning. Since the association had no place to hold clearing transactions, it rented the dining room of a building called Standard Hall and managed as best it could until new quarters were built.

In the crisis which followed the era of speculation induced by the destruction of 1871, the association for the first time lost an appreciable portion of its membership and its growth was retarded for a time. In order to save the situation, many members felt that Chicago should follow the example of other cities and issue clearing house certificates of deposit for general circulation, but after discussing the matter thoroughly at a meeting held on September 26, 1873, it was finally agreed that as a matter of pride and honor the bankers of Chicago would meet their obligations so long as they were able. Therefore, instead of issuing certificates as in New York and

elsewhere, the clearing house of Chicago made public announcement of the fact that the individual bankers would hold themselves personally and individually responsible for the payment of all deposits in their banks.

The crisis of 1873 led the association to a realization of the fact that its ideals could not be upheld in periods of crises unless even greater discrimination were made in the matter of admissions to membership. Therefore the meeting of December 31, 1873, adopted a resolution requiring a paid-up capital stock of $250,000, and on April 13, two years later, another was passed asking the Comptroller of the Currency to instruct his national bank examiners to report any member of the clearing house whose capital stock he found impaired.

Nothing of great historical interest occurred from then until January 17, 1882, when the association was formally incorporated under the laws of the state of Illinois. The official incorporators were Byron L. Smith, James D. Sturges, Chauncey J. Blair, and Isaac G. Lombard, all of whom were elected to the board of directors of the new association. At the time of this reorganization the Clearing House Association embraced eighteen member banks and within the following ten years membership was increased to thirty-three.

In July, 1893, Marshall Field, Philip D. Armour, R. R. Cable, Sprague, Warner and Company, and Reid, Murdoch and Company wrote a letter to the association asking that, for the benefit of the merchants of the city, the bankers of Chicago adopt a system of clearing house certificates similar to those then being used in other cities. A meeting was held to consider this suggestion and the bankers agreed to resort to the use of such certificates only for the settlement of bank balances at the clearing house. Regardless of what might be deemed good policy elsewhere, the bankers of Chicago felt that they must continue to supply lawful money to the public so long as it was in any way possible to do so. Thus Chicago continued to take the stand she had established in 1873 and while, for the sake of conserving cash for business use, the bankers were willing to use clearing house certificates among themselves, they succeeded in finding a way through the crisis without imposing such paper on the public for general circulation.

Up to this time the association had little difficulty with members who failed. These seldom attempted to clear on the day of

their failure, and in most cases gave notice of their condition in ample time for their exchange to be withdrawn. While no provision in this regard was made at the outset, there was later incorporated a plan whereby members were protected against a failing bank through a ruling which provided that whenever such an one might attempt to make its regular clearings at a time when it was unable to pay the balances against it at the clearing house, all exchanges presented by it and against it be returned and a new settlement be made, the same as if that bank had not participated in the exchanges of the day. In the event that such a member did not return its exchanges as required in the rules, the amount in default was made up by the several members exchanging with that bank in proportion to their respective balances against it, and the manager made requisitions accordingly so as to accomplish the general settlement with as little delay as possible. In this way those who had presented checks against the failing member were enabled to return them to their customers and thereby preserve themselves from loss.

Although the Chicago Clearing House Association was originally modeled on the plans adopted by similar institutions in the east, by the beginning of the twentieth century it had developed a character peculiarly its own and had become the source of many inspirations for the improvement of other clearing house associations.

In 1900 the association moved into new quarters better suited to its particular needs than any others occupied thus far, and the following year gave up its articles of incorporation so that it might reorganize as a voluntary association. Through this change the board of directors, which had previously been active in the affairs of the organization, was dispensed with and all business transacted through a roster of officials consisting of president, vice-president, manager, and a clearing house committee of five members. All of these offices had been in existence prior to the change, and it is interesting to see how consistently the names of bankers who have become worthy of a place in history have appeared in these positions. From the date of the organization of the Chicago Clearing House Association until 1897, when he became Secretary of the Treasury, more than twenty years, Lyman J. Gage, first as a representative of the Merchants Savings, Loan, and Trust Company and later from the First National Bank, served almost continually either as a member of the clearing house committee or in the capacity of president or vice-president. After his retirement from the First National

Bank, James B. Forgan stepped in and continued to carry on the work which Mr. Gage had formerly managed so successfully. As one reads the minutes of the association he finds that it was Mr. Gage who was usually asked to do all difficult tasks arising. It was he who was made one of a committee of two to discharge unsatisfactory employees, or one of a committee of five to investigate the condition of a doubtful bank; and should death take one of the prominent bankers of the city, it would fall to Mr. Gage's lot to present suitable resolutions of sympathy to his bereaved family. Similarly, one finds in the roster of those most active in the association such names recurring time and again as Orson Smith, E. I. Tinkham, I. G. Lombard, John J. Mitchell, and C. J. Blair.

An innovation in which the Chicago Clearing House Association was later to be imitated by similar organizations in all parts of the country was first suggested on February 5, 1901, when Byron L. Smith proposed, at a meeting of the clearing house committee, that an examiner be employed to make detailed examinations of the affairs of members and those clearing through members whenever such an examination might be deemed advisable. At that time the suggestion was not considered worthy of much consideration and was passed over with a hasty vote which included a very small minority of "yeas." Mr. Smith, however, persisted in his belief that such examinations should be installed and less than five years later circumstances had so proved his point that when he next made the same proposal it was adopted unanimously.

In December, 1905, the disclosure of the serious impairment of the capital of one national and two state banking institutions, all under the direct management of John R. Walsh, one of Chicago's most highly respected citizens and a man who only a few years before had served two terms as president of the Chicago Clearing House Association, disclosed a condition which so surprised and appalled the bankers of the city that they were stunned into providing "an ounce of prevention" almost immediately. At a meeting assembled at two-thirty o'clock on a Monday morning and attended by anxious representatives from practically every member bank, there was described a situation in which the bankers might take their choice of seeing those three banks closed that day and thus bringing about the certainty of runs on their own institutions, or they might themselves guarantee the depositors of these three institutions the return of their funds through the outright purchase of the assets

and liabilities of the impaired banks, on certain guarantees from the directors. This last method was agreed upon as likely to involve the smaller ultimate loss and the members of the association divided the responsibilities and liabilities among themselves and thereby assumed the task of paying about twenty million dollars to depositors. Through this prompt action, a general disturbance which ultimately might have involved the entire business community, was averted and not a customer lost a cent, although the undertaking proved expensive to the members of the association.

After telling of this occurrence, Mr. James B. Forgan, in an address before the Clearing House Section of the American Bankers' Association in 1910 said:

"Clearing House examinations in Chicago grew out of this incident. We determined to know for ourselves the actual condition of all the banks associated together in the clearing house. The first thing to do was to get a competent man to undertake to do the work. We were very fortunate in discovering the right kind of man. We did not hamper him with any hard and fast rules or arbitrary instructions. We simply adopted the policy that he with sufficient assistants should make examinations of the bank and report on the conditions found by him in full detail to the directors of each bank examined. His reports to the directors are just such as competent accountants would make were they employed by the directors to make examinations. In this way each bank has the advantage of having an examination by a competent examiner made expressly for the directors of the bank."

Within three years after Chicago had installed the system of Clearing house examinations St. Louis, Philadelphia, San Francisco, Los Angeles, Kansas City, Minneapolis, St. Paul, and St. Joseph followed suit. Since then clearing house examinations have become so much a part of the clearing house routine that even counties and states are finding ways of giving similar service to the scattered banks of country communities, and there is no large city without such an organization.

James B. McDougal, who had been a national bank examiner for many years, was the man referred to by Mr. Forgan. He was chosen as the best man available for the position after a long search which led into many parts of the country, for the officers of the clearing house association believed that, in inaugurating this new movement, the personality and ability of the man who was to carry it out

was all important. Mr. McDougal remained with the association as its examiner until the establishing of the Federal Reserve Bank of Chicago in 1914 when he was made governor of that institution.

Mr. McDougal himself attributed the great success of this undertaking to the fact that he was given a free hand to work out problems as they arose and never found himself hampered with ready-made rules that would not exactly fit the case in hand. When first he received his appointment from the Chicago Clearing House Committee, Mr. McDougal went to these gentlemen to ask for instructions. Mr. Forgan, Chairman of the Clearing House Committee, said that the committee had no instructions to offer. "But," Mr. McDougal replied, "You gentlemen have been here for years. You know the situation. You know where the weak spots are and which banks should have attention first, while I have just arrived on the scene and cannot possibly know where it is best to start."

"You'll soon find that out," responded Mr. Forgan, "and you may depend on us to help you at every turn, but we shall never hamper you with definite instructions."

Since Mr. McDougal was not required to give specific reports of his findings to the clearing house committee, except in cases where extreme action was demanded, he was able to conduct his work in that confidential manner which quickly won the coöperation of every banker, for none needed to fear that the private affairs of his institution would get into a competitor's hands through the office of the clearing house examiner. The system, as Mr. McDougal developed it, soon became a most efficient branch of the association for the regulation of all banks whether members or not, enjoying clearing privileges. These benefits were strictly mutual and were shared by large and small alike, and many a mistake of policy or judgment received correction in time to avoid probable future difficulties. Jealousies were overcome and suspicion and distrust, such as frequently exist among banks having no real knowledge of the condition of one another's affairs, were supplanted by respect and confidence. From the time of the institution of clearing house examinations, depositors in all clearing house banks have found reason to feel that their funds were amply secured, for with this constant check no bank has been permitted to get into such a condition that its affairs could not be remedied by the combined efforts of all the members of the Chicago Clearing House Association.

The system of clearing house examination was scarcely a year

old when the panic of 1907 burst upon the country. Before long bank deposits had become so pyramided that an intolerable situation existed. Country bankers, fearing that they could not secure adequate funds were not only withdrawing all their deposits, but many of them were over-drawing or borrowing large amounts. Chicago had large credits in New York and New York in turn had credits in Chicago. When the house of cards fell in New York following the failure of the Knickerbocker Trust Company and a number of other institutions, bankers everywhere withdrew their funds from New York City and New York in turn started withdrawing hers from Chicago at a time when country banks were drawing on Chicago banks quite heavily.

Immediately there existed a situation in which it was plain that unless something were done immediately Chicago banks would be drained of all cash. The old question of issuing clearing house scrip arose and there were bankers in the city who still maintain that since the banks of Chicago had weathered the storms of 1873 and 1893 without resorting to such measures and had thereby fostered great confidence in the banking facilities of the city, they would go through 1907 in the same way. Such arguments, however, did not stand up against the fact that cash reserves were pouring out of the city and when it was learned that New York banks had reached such straits that several of them had personal representatives then on trains approaching Chicago who were expecting to carry away quantities of the city's gold, the bankers of the Chicago Clearing House Association swallowed their pride and went on a clearing house certificate basis.

In all probability the panic of 1907 was the only occasion upon which the Chicago Clearing House Association will ever be known to have issued clearing house certificates of deposit for general circulation. By the time the difficulties of 1914 had arrived, the Aldrich-Vreeland Law with its provision for an emergency currency everywhere acceptable was in operation and notes authorized by it were issued in generous amount by the National Currency Association of Chicago, an organization which, while it doubtless embraced all clearing house banks with national charters in its membership, was not in any way affiliated with the Chicago Clearing House Association. Immediately thereafter the Federal Reserve Act went into active operation which during the first eleven years of its existence adequately bore out the opinion of bankers that never, under its

(Courtesy First National Bank of Chicago)

CLEARING HOUSE COMMITTEE, TAKEN DURING THE PANIC OF 1907
(Orson Smith, John J. Mitchell, Ernest A. Hamill, J. B. Forgan, George M. Reynolds, Byron L. Smith.)

sway, would an occasion arise calling for the use of emergency certificates of any kind.

Nevertheless, the advent of the Great war produced a great deal of excitement in that it seriously upset the usual course of business. The demand it put on active members of the Clearing House Association was ably described by Mr. Forgan in an address given before the Bankers Club in 1921. In that talk he said in part:

"On the afternoon of Saturday, August 1, 1914, I was playing golf on the links of the Chicago Golf Club at Wheaton when an urgent telegram was delivered to me from Mr. McAdoo, Secretary of the Treasury. He requested that a committee of the Chicago Clearing House should be in Washington on Monday to meet him along with similar committees from the other two central reserve cities, New York and St. Louis, for consultation on the imminent conditions developing in Europe. I dropped my game and as soon as possible got in communication by telephone with the other members of the Chicago Clearing House Committee. I succeeded in getting Messrs. Hamill and Reynolds to agree to meet me at the Union Depot the next day, Sunday, in time to catch the 12:40 train for Washington. I arranged with Mr. Crampton, then Secretary of the Illinois State Bankers' Association, who happened to be at Wheaton, to secure the railroad tickets for us and to meet us with them at the depot.

"I remained over night at Wheaton and came into Chicago in the morning by automobile. My family were away at the time and there was no one in my home but a caretaker. Fortunately, as it afterwards turned out, I had to go home for something I wanted to take along with me and while there I was called to the telephone and found Mr. Woodward, Chairman of the New York committee, at the other end of the line. We had learned from the newspapers on Saturday that Austria had declared war on Serbia, that they had begun to bombard Belgrade, and that the Russian army was mobilized along the Austrian frontier, but we hoped diplomatic negotiations going on among the other great powers would prevent the war spreading to a general conflagration.

"Mr. Woodward had later information, however, and told me that Germany had issued a twelve-hour ultimatum to Russia which had expired, and that German troops had advanced to the French frontier, in consequence of which France had ordered a general mobilization of her army. He also informed me that Belgium had ap-

pealed to England for diplomatic intervention to safeguard her integrity, and that while France had given assurance to England that she would respect the neutrality of Belgium, Germany would give no such assurance; also that England had informed France that she had refused to acquiesce in the German violation of Belgium, and that the British fleet would give France all the protection in its power, should the German fleet undertake hostile operations against the French coast or shipping. It was therefore apparent that a general conflagration of war in Europe was inevitable, involving Germany and Austria on one side, and Russia, Belgium, France, and England on the other.

"Mr. Woodward told me that under these circumstances the New York committee had decided not to go to Washington, but had invited Mr. McAdoo to come to New York as they would have to get ready to meet conditions on Monday morning, the issuing of clearing house certificates being an inevitable necessity. He said he had been trying to get in touch with some of the bankers in St. Louis by telephone but had not been so far successful. He asked me to impart the information to the clearing houses of St. Paul, Minneapolis, Milwaukee, Kansas City, and Omaha, and that he would notify the larger eastern cities.

"I first tried my best to get in touch with some of our local bankers, but not one of them was at home. They were all at church, I guess, or on the golf links. You will realize that all this took time, and with nothing whatever accomplished I had barely time left to get to the depot in time to catch the train where Messrs. Hamill and Reynolds were waiting to meet me. My automobile was waiting at the door so I made for it, but as I stepped out of the house I saw St. Chrysostom's Church across the street and I immediately reflected that Mr. Street, Manager of the Clearing House, would certainly be there. I rushed across the street, into the church, up the center aisle, tapped Mr. Street on the shoulder, told him to get his hat and come with me, which he promptly did. I asked him to jump into the automobile and told the chauffeur to speed to the depot. On the way there I explained to Mr. Street the situation. I did not think the committee would go to Washington, but I told him that if they did he must carry out Mr. Woodward's request in regard to notifying the other cities, and that he must immediately get in touch with the other members of the committee and call a meeting of our own Clearing House by telephone to take the necessary action.

"When we arrived at the depot I found my associates on the committee talking to the conductor and asking him to hold the train a few minutes longer. It was then several minutes past time for starting. I was breathless and as the conductor immediately called out "All aboard" we jumped on the train, where I imparted Mr. Woodward's information. By the time we reached Englewood we had decided that home was the place for us, so we got off the train and returned to Chicago in a taxicab.

"We found Mr. Street in his office in the Clearing House busily endeavoring to carry out his instructions. After luncheon at Rector's restaurant we went into session at the clearing house. We notified the other cities and got into direct touch with the New York committee, which was in session and which kept us posted as to the developments there. We succeeded in getting a full meeting of the Association at eight-thirty that night. At this meeting it was decided to require notices on the withdrawal of savings accounts to pay checks except those for small amounts through the Clearing House only, and to commence issuing clearing house certificates on Monday morning. We also sent a telegram to the Secretary of the Treasury requesting that he cause to be issued to the Assistant Treasurer here fifty million dollars Aldrich-Vreeland notes in small denominations to be apportioned among the banks in the National Currency Association of Chicago which already had been organized."

For many years after the establishment of the Federal Reserve Bank of Chicago in its own building, the Chicago Clearing House Association was the only outside institution permitted housing quarters under the Federal Reserve Bank roof. It was provided with spacious and excellently equipped quarters covering an entire floor of the building and there, in a quiet, orderly manner financial transactions comparing favorably in size with any others in the structure occurred daily. Instead of the two or three million dollar daily clearings considered large in 1865, the Chicago Clearing House Associaion at the time of its sixtieth anniversary in 1925 conducted two daily clearings, one amounting to eleven or twelve million and the other to more than one hundred and fifteen million dollars. This vast amount of business is conducted with the use of something like seven per cent in funds actually transferred, the balance being settled through the Federal Reserve Bank.

An Early Clearings plan was first put into operation by the Chicago Clearing House in July, 1916, the purpose being to provide

a means for the collection of items on non-member banks scattered throughout the city, the Clearing House acting as agent for the member banks. Prior to the installation of this plan, items on these banks were handled by mail, or by messengers sent out by the individual members. By taking care of these items at the Clearing House, it was possible to eliminate considerable messenger service and, through effecting one-day payment for the items, save one day's time, and in some instances, two days, in interest.

All checks to be handled under this plan were put up in envelopes, the total amount written on the outside, and the envelopes totaled at the Clearing House. Originally, routes were established by the Clearing House, and messengers were sent out early in the morning with the packages of checks, the outlying banks agreeing to waive inspection of the items and issue their draft on a member bank in payment of the total, any return item to be deducted from the following day's total. The messengers returned to the Clearing House promptly and the drafts were cleared against members through the regular exchanges for the amount of the items they had presented for collection.

At one time, there were listed on the Early Clearing sheet the names of one hundred and two non-member banks, the items on thirty-two of which were collected by messenger, the other banks agreeing to call for their items at the Clearing House.

This plan proved to be of great advantage to the member banks. The outlying non-members soon found it to their benefit also, in that they received all of their checks at one time early in the day, and paid for them in one check, instead of making out a large number to the various banks. The affiliated banks, however, which cleared through regular members, soon discovered that in this regard the non-members had some advantage over them. The items of the affiliated members were not cleared until ten-thirty in the morning. Then as the member banks had to prove and sort these checks before it was possible to return them to the affiliated banks, it frequently happened that an outlying bank would receive its items at an hour too late to comply with the requirements of the Clearing House in the matter of giving notice on non-payable items by the time required in the rules. Therefore, on November 1, 1921, a second plan was put into operation. The names of all the affiliated banks were added to the Early Clearing sheet, and in addition, the affiliated banks were allowed to deposit at the Clearing House, items

drawn on all the other banks on the list. Through this arrangement, the affiliated banks were able to get a large proportion of their checks at the Clearing House at an early hour, all of which had previously been handled through the regular clearings, and usually not ready for the affiliated banks until noon or after.

At the end of 1925, the Chicago Clearing House Early Clearing sheet included the names of one hundred and sixty-five banks, one hundred and seventeen of which were affiliated members, and forty-eight non-member banks. There were depositing items for collection at the Clearing House twenty-eight regular members and seventy-five affiliated members. At this time there was a plan under way which contemplated adding the names of the thirty regular members of the Association to the Early Clearing list, thereby making it possible for the affiliated banks to deposit items drawn on the regular members, at the Clearing House, and enabling the regular members to get these items earlier in the day, as under the present plan these items are all deposited at the affiliated member's correspondent bank and not cleared until the ten-thirty clearings.

At this time, it has also been proposed to add to the Early Clearing list the City Treasurer and County Treasurer. Each of these offices issues a great many checks drawn on the Treasurer which it is necessary for the banks to present at the office for payment, thereby causing considerable delay in the final payment. Under the new plan, these checks will be handled at the Early Clearings the same as are those of non-member banks, thereby enabling each member bank to receive its proper credit on them at ten-thirty of the same day.

In active membership the association has not grown in proportion to its growth in clearings. This is due chiefly to the fact that each member bank clears for a number of its customer institutions located in outlying sections of the city. On the formation of the association in 1865 twenty banks applied for membership immediately. In 1915 when the association was fifty years old its membership consisted of twenty-one banks and forty-four affiliated institutions—the latter clearing through active members but subjected to the same rigid regulations as though they enjoyed active membership. By the time the Chicago Clearing House Association had reached its sixtieth anniversary it consisted of thirty active member banks clearing for one hundred and forty-four affiliated institutions, a marked indication of the rapid growth of the outlying banking business in the city.

In Chicago the clearing house has long led all local banking activities through fostering a spirit of coöperation which subordinates unreasonable self-interest to the general welfare. No bank finds any discrimination against it in its clearing house membership; the large downtown institution and the small "neighborhood" bank associate on an equal footing, each receiving its proportionate share of dividends in the way of a membership which is assumed as a badge of honor. The government of the association is entirely representative and democratic and requires every member, regardless of size or standing in the community, to submit to the periodic inspections of its examiners and to supply the manager with sworn statements of condition at least five times each year. Each member is assessed a stipulated fee and, when this does not cover all expenses, the balance is paid by members pro rata according to their daily average of exchanges. No bank is now admitted to active membership unless it have its principal office in the city of Chicago, be organized under either the laws of the United States or of the State of Illinois, and have a fully paid-in capital stock of at least five hundred thousand dollars.

CHAPTER XXIX

CHICAGO STOCK EXCHANGE

Organization of the first Stock Exchange in Chicago in 1865—Second Stock Exchange, 1869—Chicago Mining Board, 1879—Present Stock Exchange organized, 1882—Development of local industrial enterprises—First Stock Exchange Building—Diamond Match pool—Growth of the Chicago Stock Exchange.

Although the state of Illinois had been practically without an organized system for the establishment and regulation of banks for some years prior to the passing of the National Bank Act, the city of Chicago was so strategically located as to make it one of the financial centers of the middle west. This was brought about largely by the heavy grain shipments which centered at that point. In order to facilitate trading in grain at a time when all money, and especially government notes, was fluctuating widely because of an unstable gold market, a group of men whose interests centered in the Chicago Board of Trade took steps to establish a Chicago Stock Exchange in order to provide a market on which gold quotations might be established.

The first meeting called with this end in view was held on January 5, 1865, and just two weeks later, January 19, rooms for business were opened in the building owned by H. H. Honore at number fifty-three Dearborn Street. The first president of the new Chicago Stock Exchange was John C. Hilton, who had previously been one of the incorporators of the Chicago Chamber of Commerce. Calvin T. Wheeler, one-time president of the Chicago Board of Trade, was chosen vice-president and two members of that board, Solon McElroy and William H. Goodnow, were selected for the offices of secretary and treasurer, respectively.

Even before the rooms had been secured, the Chicago Stock Exchange began to fulfill its mission of providing a market for gold, according to the records some nine thousand dollars' worth of this commodity having changed hands at a price of 207 on the evening of the first organization meeting. Before long the Stock Exchange was providing regular quotations on government bonds and notes, Cook County scrip, Chicago City bonds, and a list of local commer-

cial securities among which were included those of the First National Bank, the Merchants Loan and Trust Company, Chicago Gas, Light and Coke Company, and the Chamber of Commerce.

Although the Stock Exchange was organized primarily to provide a market for ever fluctuating gold, and met all expectations in that respect, it was found to be similarly valuable in the part played in creating a value for the scrip which Cook County issued in amounts of several million dollars for the purpose of equipping soldiers. Before the Stock Exchange had undertaken to trade in this paper, it was quoted at prices so low as nearly to defeat the purpose of its issue. Once the Exchange had taken to handling it actively, however, its quotations were maintained at a consistently high level.

Before long there came the collapse of the Southern Confederacy and with it there was abolished any need for a market for gold, as that metal was well able to maintain itself at constant levels when the credit of the government was no longer a matter of daily speculation depending upon the fortunes of the Union in its battles. Likewise Cook County had no further need for issuing war scrip. Since these money quotations had formed the chief business of the Exchange during the short period of its existence, and it had not developed a securities market to any great extent, for the latter was not as yet in great demand in a country still comparatively new, there now ceased to exist any real need for the Chicago Stock Exchange. The organization was not abandoned, but one by one its memberships were permitted to lapse, until President John C. Hilton was left as sole survivor in lawful possession of the furniture and fixtures, together with a treasury which still contained ten thousand dollars. No further thought was given the institution until 1869, when the state passed a law prohibiting the granting of special charters to corporations. In the rush for charters which occurred just before this law went into effect, there was a group of brokers who obtained one for a second stock exchange, partly because they believed that in the not very distant future there might again be enough business to warrant having such an organization, and partly because they thought that in a charterless future, they might be able to sell theirs at an excellent profit. Under this new charter a room was opened in Clark Street between Washington and Madison streets for the space of a few months, but the stock and bond business was then so thoroughly centered in New York that it could not be transplanted to Chicago under any inducements then available. Thus

the new exchange, like the old one, had so little business that it maintained only a feeble existence until it was destroyed by the fire of 1871.

During the following ten years Chicago had no stock exchange, nor did the need for one develop until the boom of 1879, which was accompanied by vast immigration and great national developments, with discoveries of silver deposits in Colorado. Then prices everywhere soared and a great speculative era developed, which was particularly marked on the New York Stock Exchange and in the grain and provision business in Chicago. The Colorado silver discoveries had so boomed mining stocks everywhere that a group known as the Chicago Mining Board opened rooms in the Brevoort House on Madison Street on December 16, 1879, for the purpose of trading in securities in general and mining stocks in particular. This was organized as a closed corporation under the laws of Illinois. Its sixteen directors were the only stockholders, and many of these were not primarily interested in securities.

Almost immediately there came applications for seats in the new organization and among these were those of brokers from New York, Boston, Philadelphia, and St. Louis. Dues were fixed at fifty dollars a year, but beyond that, applicants might have no connection with the association. This was, therefore, a situation in which the directors merely provided an exchange room for the brokers and then voted the profits to themselves as stockholders. It did not take the brokers long to realize how unprofitable this venture was for them, and consequently they set about finding a means for establishing an exchange more to their liking.

George E. Wright, subsequently first secretary of the present Chicago Stock Exchange, went about the city obtaining signatures to the written statement which read: "We, the undersigned, hereby agree to form a mutual association of brokers, to be known as the Chicago Stock Exchange, each member to have a voice in the management and an interest in the funds." At the same time Edward L. Brewster, who was a member of the New York Stock Exchange, went east, laid the project before the Governing Committee of that body, and was extremely successful in his quest. It happened that never before had the central market for stocks and bonds been so flourishing and the prospect of a new western market so attractive. The Governing Committee amended its rules to permit members of the New York Stock Exchange to join the new Chicago Stock Ex-

change and gave much publicity in the newspapers and elsewhere to this new liberal policy.

With this aid from New York, the Chicago Stock Exchange burst into existence with such a rush of popularity as to be almost immediately embarrassed by more memberships than it could manage. More than three thousand applicants asked for admittance during the first few weeks. It therefore became necessary to discriminate among these most carefully, and the maximum number of seven hundred and fifty was agreed upon and reached exactly one month after the first formal meeting of the organization had been held.

The first meeting of Chicago's fourth attempt at establishing a stock exchange was held on the afternoon of Tuesday, March 21, 1882, in the Grain and Provision Call Board Room of the Chicago Board of Trade. Charles Henrotin was elected chairman and George E. Wright, secretary. The following Saturday there was held the first meeting of all the signers of the agreement circulated by Mr. Wright, when there were chosen the first permanent officers of Chicago's present Stock Exchange. Charles Henrotin was made president, Albert M. Day, first vice-president, Arthur O. Slaughter, second vice-president, and William A. Hammond, treasurer. Also there was chosen an executive committee of fifteen which included the president, two vice-presidents, and secretary, together with James B. Ball, George D. Boulton, Jacob B. Breese, Edward L. Brewster, William O. Cole, R. W. Day, Albert Durham, Henry G. Foreman, Fred G. Frank, Edward S. Hunt, and William D. Kerfoot.

The Exchange leased a room in the Grannis Building at 115 Dearborn Street, which it proceeded to occupy on April 1. Early in May, Joseph R. Wilkins of Philadelphia was appointed chairman, a position he had filled for years on the Philadelphia Stock Exchange and one which he was destined to hold in Chicago for the first twenty-two years of the existence of the institution. About the same time Edward S. Hunt was chosen vice-chairman and G. H. Broadhead of the New York Stock Exchange was invited to assist at the suggestion of one hundred and fifty members of both exchanges. This marked the beginning of cordial relations between the stock exchanges of New York and Chicago which were destined to continue even to the present time.

The first list of securities was adopted on May 13 and contained one hundred and thirty-four items of which eighty-two were bonds and fifty-two were stocks. No mining stocks were included. Two days later the new exchange rooms were opened with a speech by

President Henrotin which he aptly concluded with an offer to sell. This was promptly taken up by Edward L. Brewster, a member of the committee of fifteen.

Although mining stocks were not included in the first listing, they were so important a factor at the time that they were traded in actively on the floor of the new Exchange, although the main speculative center for them continued to be San Francisco. To avoid becoming encumbered with an undesirable list, and yet to secure one ample for its purposes, the new Exchange made a listing charge of five hundred dollars. The only bonds dealt in actively at first were governments and various local municipals. Later there were added those of many local industrial concerns.

The mining boom was almost immediately followed by tremendous activity in railway shares in New York. This trading reached such proportions that great difficulty was had in making deliveries of actual securities; a situation which the railroads met by issuing stock certificates in denominations as low as fifty dollars. Thereafter the emphasis rapidly shifted from mining to railway shares. The difficulty of securing certificates was not overcome in spite of everything the railroads could do, and it caused so much trouble on the Chicago Stock Exchange that all steam railway stocks and bonds had to be stricken from the list in 1887, never again to be dealt in locally.

The wave of prosperity on which the new Exchange started in 1882 ebbed rapidly, until in 1884 a condition of panic prevailed and memberships, which had been selling at greatly inflated prices, declined at a rate that appeared serious for the new institution. To save the situation, dues were reduced from forty dollars to twenty-five and in 1885 to fifteen dollars, but even then brokers permitted their memberships to lapse for non-payment of dues. Attendance became so small that the chairman gave up calling the list of securities and for many months no regular meetings were held. In March, 1885, one hundred and thirty-nine members from New York petitioned the Governing Committee to dissolve the Exchange and distribute its assets, which then amounted to nearly one hundred and ten thousand dollars invested in interest-bearing securities. Hitherto it had been this fund alone which had held the Exchange together, so that those who were able to see some use for the organization after conditions had righted themselves, caused the petition to be laid on the table.

In 1886 when lapsed memberships could not be sold for more than twenty-five or thirty dollars each, it was decided that if the Exchange could not provide enough business for a large membership, there was doubtless enough for a small one and that, for the future, memberships should be reduced to that point where each could secure a maximum of good from the organization. Consequently in May, 1887, the first reduction was made which placed the maximum at five hundred instead of the original seven hundred and fifty. In November, 1888, another reduction brought the maximum down to four hundred and twenty-five, although by this time business had begun to improve.

The year 1887 had been probably the most discouraging in the whole history of the Chicago Stock Exchange. In April of that year so little business was done that the Western Union Telegraph Company removed its instruments from the floor of the Exchange, while in May an element of competition was added by the introduction of a new stock exchange connected with the Board of Trade. To meet this latter factor, the Chicago Stock Exchange reduced its dues to twelve dollars a year, but even so, at the annual election in June only twenty-five votes were cast.

These difficulties, however, were not so great as to destroy the confidence of the management. These men appreciated that the business of the country was developing at a rapid rate and possibly they understood that another period of speculation was at hand. Their faith was justified, for almost immediately events developed which proved that Chicago could not well have got along without its own stock exchange. The turning point first evidenced itself when the Chicago Gas, Light and Coke Company, the stock of which had been quoted on the first Exchange more than thirty years before, found itself pressed by competition to consolidate with its rivals. To accomplish this, the company issued twenty-five million dollars' worth of stock and a corresponding amount of bonds, in which securities daily trading soon rose to more than one hundred thousand dollars. These securities, to be sure, were engineered by eastern capital and were quoted on the New York Stock Exchange, but nevertheless, the Chicago Stock Exchange became such a center of activity for them that orders even from the Atlantic coast poured into the offices of local brokers.

Shortly thereafter methods of high finance, long known to the east, were brought into the middle west on the wave of speculation.

(Courtesy Chicago Stock Exchange)

THE FIRST CHICAGO STOCK EXCHANGE
Monroe and Dearborn Streets.

With it came also Charles T. Yerkes who rose to prominence in 1886 in his promotion of the North Chicago Street Railway, when he increased its capital from five hundred thousand to five million dollars. Three years later he accomplished a like expansion for the West Side Railway System, when he increased its capital from a million and a quarter to ten million, issued proportionate amounts of bonds, and made a fortune for himself.

Thereafter other local industries came into popularity in waves of expansion. English capital flowed into the city to finance breweries, a form of industry which had proved very profitable in England. There came expansion in other lines, financed chiefly by American capital; this, in turn, led to a period of consolidations forming trusts such as the Chicago Packing and Provision Company, the Diamond Match Company, Western Stone Company, and the American Straw Board Company. All caused the local field for both investment and speculation to grow, until it formed a substantial basis for the business of brokers who attended the Exchange.

In May, 1890, the Western Union Telegraph Company perceived that the Exchange was no longer an institution without a purpose and restored its instruments. These proved to yield sufficient profit to encourage the company to install a ticker a year later, which was taken as ample proof of the general interest then existing in local stock transactions. Dues began to rise, first to fifteen dollars in 1888, to thirty dollars in 1890, and in 1891 they were again restored to the starting point of forty dollars a year.

By that time the speculative mania had reached such a point as to cause well known stocks to rise and fall at outrageous rates. Memberships recently worth but twenty-five dollars each now sold for a thousand or eleven hundred dollars. Nor was this height the greatest to be attained by the Chicago Stock Exchange at that time. On April 25, 1890, Congress passed an act approving the World's Columbian Exposition to be held in Chicago in 1892 and 1893, which added further interest to the local situation. Consequently the boom in Chicago increased and the city was overwhelmed with prosperity at a time when the remainder of the country trembled on the verge of hard times. Subsequently, when the panic became so intense as to cause thousands of miles of railways to go into the hands of receivers, to flood the markets at home and abroad with millions of dollars' worth of securities to be sold at any price obtainable, and when banks everywhere were failing, the World's Fair boom con-

tinued to keep Chicago in better condition than any other section and enabled the Chicago Stock Exchange to bear up admirably under the strain put upon it. Visitors to the fair poured millions in money into Chicago and local affairs in general profited.

Benefits of the World's Fair boom in Chicago were probably more noticeable in their effect on local transportation companies than in any other field. These companies expanded to such an extent in order to take care of visitors to the city as to require the issue of more stocks and bonds, all of which were actively traded in. In fact, affairs became such that larger quarters had to be secured for the Chicago Stock Exchange, and in the midst of the difficulties of 1893 a building committee was appointed consisting of George E. Wright, who had been the first Secretary of the Exchange, as chairman; Jacob B. Breese, for five years a governor; and Malcolm M. Jamieson, Edward Koch, Charles Henrotin and Arthur O. Slaughter, all of whom had been or were to become presidents.

This committee, learning that a new building was to be erected on the property belonging to the Peck Estate at LaSalle and Washington streets, in a district apparently away from the center of business, went to the managers of the estate and to neighboring property holders, and persuaded them that the establishment of the Chicago Stock Exchange in that vicinity would so improve the district as to make the venture profitable on any terms whatsoever. Consequently, it was arranged that the Peck Estate should erect a new twelve-story building named for the Exchange, and that proper space within it be provided for that organization with a fifteen-year lease free of all charge. This agreement was signed in January, 1893, for a term of fifteen years at a price of one dollar a year, the new building was erected at the southwest corner of Washington and LaSalle streets, and the Exchange moved into its quarters in May, 1894, with fitting ceremonies. There it remained for the next fourteen years, or until it moved into the quarters which it still occupies in the Rookery building.

After the panic of 1893, and probably growing out of it, there developed a great period of consolidation, which brought into national prominence the names of men such as J. Pierpont Morgan, John D. Rockefeller, and Edward H. Harriman. One of these consolidation schemes which played an extremely important part in the history of the Chicago Stock Exchange was, according to Wallace Rice in his history of that organization, "the scene of a one-act play in consolida-

tion in which W. H. and J. H. Moore, who had been members since February 17, 1892, were the chief performers and the subject matter the securities of the Diamond Match Company, listed on the Exchange on November 25, 1891. The Moore brothers had been the chief instruments in forming the combination of interests grouped under that corporate name, as well as those in New York Biscuit and American Tin Plate—the Moore stocks—but it was the first upon which their interest largely centered. In July, 1896, about the time a waiting world was being informed that calling 70 cents worth of silver a dollar would cure mankind of its woes, it began to be whispered about that France, South America, and other habitable portions of the globe were about to pay the Match Company various large sums for the use of its patents, and somewhat similar tales were told of the New York Biscuit concern. These stocks became active to the point of frenzy, and rose to unprecedented figures. It appeared later that a pool had been formed to manipulate 20,000 shares of stock. Monday, August 3, lubrication of the complicated machinery necessary failed abruptly, and nothing less than an explosion took place.

"That evening the only special, or other, meeting of the Governing Committee ever held outside of its rooms, convened at the Prairie Avenue residence of Philip D. Armour, at which all the large financial and other interests of the city were also present by representation. It was a solemn time, and the observation of Charles T. Yerkes, 'I have never seen so many straw hats at a funeral,' afforded its only lighter moment. It was decided to give the brokers a chance to readjust their confused affairs outside of the usual and sadly interrupted methods, and it was moved and unanimously carried 'that the Exchange adjourn at 10 o'clock on Tuesday morning, the fourth instant, and remain closed pending further action by the Committee.' At 9:30 that morning a special meeting of the Exchange ratified this and the attempt to untangle the complicated knots began. At 3 o'clock the same day a special meeting of the Governing Committee appointed a select committee, consisting of President Malcolm M. Jamieson, Philip D. Armour, Albert M. Day, and Charles C. Yoe, John J. Mitchell acting with them, 'to confer with the banks and the Messrs. Moore to ascertain what settlement could be made,' President Jamieson reporting that the Moores had 'appeared very willing to give the Committee any information' and said that by tomorrow they would give a full statement of how they stood on the market in both Diamond Match and New York Biscuit and also present a statement of

the condition of the two corporations. August 12 the Committee reported an agreement already prepared 'which would be satisfactory to all parties concerned.'

"It took all summer to straighten out the tangle, but other reasons advanced themselves to keep the doors of the Exchange closed, even after it became certain that no failures were to follow the excitement. Something more than a ghost of Free Silver was stalking through the land during the pending presidential campaign, and it was no time for settled or even for speculative values, when the chance of the adoption of a 70-cent dollar might suddenly vitiate every conception upon which values are calculated. Accordingly it was not until two days after election day, when Sixteen-to-One had ceased to be an immediate issue, that the Exchange reopened, on Thursday, November 5, 1896.

"The next month a special committee on reform was appointed and measures eventually taken that make any such exploitation of the privileges of the Exchange unlikely in the future."

Thereafter until the outbreak of the World war nothing of disturbing importance was to occur on the Chicago Stock Exchange. That the organization continued to grow and prosper was evidenced by the move into its present quarters in the Rookery, at 209 South LaSalle Street, in December, 1907, and the constant revisions in listings and memberships until a point was reached where memberships became of great value and listings could be made only by companies capable of passing a most rigid and searching examination. In 1904 the membership limit was reduced to four hundred, a reduction of twenty-five from the high point established in November, 1888. Five years later a sum of $15,000 was appropriated for further reduction in the membership list and enough were bought up with this fund to leave the outstanding number at three hundred. In May, 1910, this was further reduced to 250, at which point it still remains.

Upon the outbreak of the war in Europe in the summer of 1914, it became certain that such large volumes of American securities held abroad would be suddenly offered on American markets as to involve the United States in acute financial distress. Leading stock exchanges of the country, realizing that in their hands alone lay the remedy for this situation, cut off all possibilities for a great financial disaster from this source by closing their doors for an indefinite period. In Chicago regular business was not again resumed until April 1, 1915. On August 13, 1914, however, a special committee on trading

(Courtesy Chicago Stock Exchange)

INTERIOR OF CHICAGO STOCK EXCHANGE
Madison and La Salle Streets.

was appointed; under its jurisdiction a plan was put into operation whereby prices were fixed at quotations ruling at the time of closing as a minimum, and those members who had securities to buy or sell entered upon a period of supervised trading. During this period orders were sent to the secretary of the Exchange each day and it became his duty to "match" them wherever possible under the supervision of the committee which held daily sessions for that purpose. Under this method, as is to be expected, business dwindled and continued to fall off until the Exchange was opened for qualified trading on November 25, under which circumstances only necessary trading was conducted until the following April, when conditions were such that it became safe to remove all restrictions.

By that time the middle west had become so prominent a factor in the business affairs of the country that the Chicago Stock Exchange was everywhere recognized as one of the most important in the country. In 1918 its amount of business definitely passed that of the Stock Exchange of Philadelphia and in 1919 it went ahead of Boston, thus placing itself in a position second only to the New York Stock Exchange which had been in existence for ninety years before the Chicago Stock Exchange was even started.

For many years the Chicago Stock Exchange had been a recognized leading market for public utility securities, but in 1923 trading in motor accessories stocks increased to such an extent among its listings that Chicago likewise became known as a market for these securities. In other respects also the year 1923 proved to be one of the most active of the Exchange. Business was so great in that year as to greatly increase both the number of listings and the volume of sales over other years. During that year seat sales ranged from a low of $4,000 to a high of $9,000, as against the high record of $10,000 in 1919 and a low of $750 in 1914 and 1915. At the time of this writing, in 1925, seats are selling at $5,900 and limited in number to the 250 set in May, 1910.

The year 1923 brought a record turnover in shares of stock. A total of 13,337,361 changed hands that year as against 10,849,173 shares in 1924. In bond turnover, however, the year 1924 held the record with $22,604,900 as against only $19,954,850 in 1923. During the year 1924 securities traded in amounted to an aggregate total wealth of almost four billion dollars. Some one hundred and forty companies had their stocks listed, many of which carried bond listings also, and the list showed fifty-two companies offering bonds alone.

In 1925 the Chicago Stock Exchange established a new high record of transactions, even exceeding the previous extreme record of 1923. More than 14,100,000 shares were handled. At the same time listings in stocks of stated par value declined somewhat, but this was more than compensated for by greatly increased listings of issues having no par value. Bond transactions also declined, but this was due to the fact that government bond trading was discontinued locally. Stock and bond sales throughout the history of the Exchange since the year 1899 are displayed in the following table:—

CHICAGO STOCK EXCHANGE BUSINESS RECORD

	Total Shares of Stock Sold	Total Par Value Bonds Sold
1899	3,477,738	$12,253,600
1900	1,418,738	8,362,600
1901	1,886,038	9,427,800
1902	1,367,967	9,048,100
1903	1,013,780	3,438,500
1904	1,318,126	5,881,700
1905	1,544,319	9,567,500
1906	1,234,537	5,858,050
1907	817,164	4,566,100
1908	830,087	15,264,000
1909	1,623,495	14,800,000
1910	894,362	7,347,000
1911	1,049,068	14,752,000
1912	1,174,931	13,757,000
1913	1,101,417	9,392,000
1914	375,274	9,071,000
1915	713,557	9,316,100
1916	1,610,417	11,932,300
1917	1,701,245	8,368,950
1918	2,032,392	5,305,000
1919	7,308,855	5,672,600
1920	7,367,441	4,652,400
1921	5,165,972	4,170,450
1922	9,145,205	10,028,200
1923	13,337,361	19,954,850
1924	10,849,173	22,604,900
1925	14,102,892	8,748,300

(*The Wall Street Journal*, January 7, 1924.)

No security is accepted for listing on the Chicago Stock Exchange until the Committee on Stock List is satisfied of the good faith and integrity of the management of the company issuing that security. The legitimacy of its business, the soundness of its financial plans, and its earning power for not less than a year are all points upon which the committee must become satisfied. Next it must make certain that a sufficient amount of the stock has been sold to the general public to prevent improper manipulation. The company then agrees to publish financial statements at least once each year and as much oftener as the Exchange may require. Thus, through competition of the greatest possible number of buyers, a broad and open market is assured in which both buyer and seller can be certain that their transactions have been made at the best possible price.

Virtually every form of industry is represented in the stock and bonds listed. Telephone and telegraph, electric power, transportation lines, and other public utilities lead the list, with electric light stocks second and packing-house issues third. Motors hold a prominent place, and among the other issues traded in are found sugar refining, clothing, mail order houses, chemical houses, and many others.

CHAPTER XXX

INVESTMENT BANKING IN CHICAGO

Mortgage market established as early as 1835—Investment bond houses started about 1882—First issue made payable in Chicago, 1892—Chicago investment houses in other cities—Those still in existence representing outgrowths of two original houses —Early efforts to develop a bond market—Cattle paper—Farm loan securities—Customer ownership plan.

The investment business always follows the completion of the development of commerce and manufacturing in a new community. In such places there is seldom money available for securities as all money there, and as much as can be borrowed from the outside, must go into the promotion of new projects.

The development of Chicago has come so recently that until the last few years there has been no class depending on an income from bonds. Such income as the citizens of Chicago had, was re-invested, rather, in those businesses originally producing it. Only within the last two decades, as the older generation which built up the city has been dying out, has the investment business developed to any great extent. Prior to that time large estates were held together and kept in the industries which produced them. Now, however, as they are being divided among children and grandchildren, these seem to show a growing tendency to transfer their principal from its source to the more convenient investment which requires a minimum of personal responsibility on the part of the owner.

Although Chicago in her earlier days offered no considerable market for the sale of investment securities, she did produce ample source of supply for other markets. As early as 1835, Francis B. Peabody, a lawyer, found himself so beset with clients from the east who desired him to invest their money in Chicago real estate mortgages, that he abandoned his law practice and entered into the business of mortgage banking. In his undertaking he found great profit, as eastern capital constantly poured into his office to be invested in mortgages

on which the interest rate was uniformly ten per cent. Ten years later Mr. Peabody took in a partner, forming the firm of Peabody, Houghteling and Company, under which title there still operates an investment house in Chicago.

Mortgage houses found sufficient business to warrant their establishment in comparatively large numbers during the early days of the history of Chicago; but the investment bond business as we know it today was not established here until the early eighties, and even then for the first ten or more years this depended chiefly on securities purchased in the west and marketed in the east.

The first strictly investment bond houses in Chicago were established about the year 1882. In that year Norman W. Harris arrived in the city from Cincinnati and started the firm of N. W. Harris and Company with three employees. At about the same time Preston, Kean and Company, for some years a private bank, entered into the investment field as S. A. Kean and Company, and for a time these two constituted the only investment banking houses in Chicago. These houses purchased bonds all over the west and south and sold them largely in the east, although a small amount were disposed of in Chicago to banks, insurance companies, and estates.

Many of the bonds purchased at the time were the issues of cities, towns, and states. Unlike the present day, municipal issues back in the eighties were not purchased by mail and wire, but instead it was necessary for the investment house desiring to secure any of them to have a man on the ground. Consequently each of Chicago's investment houses kept a man in the field for this purpose. A. W. Harris, son of the founder of N. W. Harris and Company, represented that house, while the house of S. A. Kean and Company was represented by F. W. Leach, later of the firm of A. B. Leach and Company. Since both houses usually bid for the same bonds, as both were always seeking the best investments their territory had to offer, Mr. Harris and Mr. Leach traveled together for many years. They were then the only bond men representing Chicago and they acted in the capacity of both buyers and salesmen. Transportation in those days was not as adequate as now and these men tell of leaving Chicago with the intention of visiting a certain western city for a day or two, receiving a wire telling them to travel on to another where new bonds were about to be offered, and so on, until at times it would be as much as four months before they were able to return to their starting point.

Since even in those days investments had been exploited to a large extent, much to the detriment of investors, it was the aim of both of Chicago's houses to offer only those securities which their own personal investigations showed to be of the highest class. Both Mr. Harris and Mr. Kean were known for their rigid scruples. In his youth, Mr. Harris went without a much coveted college education because, just as he had saved enough money to pay his way, his partner in business made away with some of the firm's funds and, although Mr. Harris was under age and therefore not liable, he paid the deficit which took all of his savings.

Mr. Kean's insistence on doing the right thing amounted at times almost to bigotry. According to early histories of Chicago, his name headed practically every important charity list, and those who know Mr. Kean say that he gave generously with no expectation or desire of receiving the glory of publicity for himself in return. In every matter he undertook he let his conscience be his guide; he even went so far as to open his business each morning with prayer and installed a small organ in the back room of his office to assist in conducting daily religious services to which his employees were invited, but not required to attend.

Before long S. A. Kean took John Farson into partnership and those two men continued to conduct the business until 1889, when Farson withdrew to form the firm of Farson, Leach and Company, in which A. B. Leach, a brother of the man who had been traveling for Kean, was one of the partners. Kean continued his business until the early nineties when he went into bankruptcy. His idiosyncrasies naturally subjected him to the evil tongue of gossip and it was rumored that his religious demonstrations had been only for the purpose of covering up dishonesties. His friends, however, and those people who knew him best insisted that such blame as was due him at the time of his failure came as a result of Kean's extreme generosity, which led him to give to every needy individual or cause so long as he had anything to give. Had he been less generous, they said, he would in all probability have had sufficient funds to meet the crisis that brought his downfall.

The house of N. W. Harris and Company succeeded in maintaining and strengthening its reputation for offering only the soundest of securities, so that, even today one may hear small bond dealers throughout the country saying to their customers, "You may put your faith in this bond for it is a Harris issue."

In those days the buying of bonds in the west was so rare that it became necessary for bond houses to send out men for the purpose of educating people of wealth in this type of investment. Such pioneering educators would make no effort to sell, but simply to pave the way for later sales.

By the year 1892 this educational effort had proved effective to such an extent that the Sanitary District of Chicago was emboldened to issue two million dollars' worth of bonds, the principal and interest on which were made payable in Chicago. Prior to that time all bonds issued in the middle west had been made payable in New York. Now, however, those responsible for this issue were of the opinion that Chicago and the surrounding territory were ready to take a fair proportion of the bonds, and believed that making them payable in Chicago would encourage investors in the middle west to support the issue.

When the bonds were offered, bankers from New York protested loudly. They maintained that if the bonds were made payable in Chicago they could not be sold in New York and elsewhere at as high a price as they might otherwise command. Nevertheless, the finance committee stood firm and insisted that if the bonds were sold at all it would be with the provision that principal and interest were made payable in Chicago. Next, New York bankers announced that they would not bid for such bonds, and the Chicago committee came back with the argument that doubtless the entire issue could be placed in the middle west. So, ignoring all warnings, the committee advertised the bonds for sale, principal and interest to be made payable in Chicago; and in spite of all that had been said, bids came in as usual. The highest was made by Blair and Company, a New York house, and this company was awarded the entire issue at par plus a premium of $30,250. After the award was made, Blair and Company made every effort to persuade the committee to change its ruling and permit the principal and interest to be paid in New York. The committee, however, refused and Blair and Company took the issue under protest.

The issue was sold, apparently with no greater effort, and certainly at no smaller price than one drawn up in accordance with the wishes of the bankers of New York. Thus was brought about Chicago's first success in making her own financing payable in Chicago. Thereafter this method became customary and before long not only the bonds of the City of Chicago, but those of other middle western communities as well, were made payable in the city which became recognized as the banking center of the middle west. Immediately

after this incident, Chicago likewise came to be known as a growing center of investment banking and from then on the establishment of bond houses in the city increased at a rapid rate.

Just before this time N. W. Harris and Company had established an office in New York and also one in Boston, both of which are now known as Harris, Forbes and Company. These eastern offices served as an outlet for the securities purchased in large quantities in all parts of the west. Municipalities, public utilities, and other undertakings as far west as Seattle were financed by these offices. Then, as business in the west grew, Chicago's original bond houses became the indirect authors of new investment houses originated by employees of the older companies.

N. W. Halsey was employed by the New York office of Harris, Forbes and Company. In time he went into partnership with Harold L. Stuart, who was in the Chicago office of N. W. Harris and Company, and these men established the firm known as N. W. Halsey and Company with offices in both New York and Chicago. Upon the death of Mr. Halsey, his estate sold his interest in the firm to the National City Bank of New York which then established the National City Company, an investment organization of present national scope. Mr. Stuart then confined his share of the business to the Chicago office, the name of which he changed to Halsey, Stuart and Company. This organization has likewise since grown to assume national proportions.

From the house of S. A. Kean and Company there grew, as has been mentioned above, the firm of Farson, Leach and Company which was dissolved in 1906 to form the firms of A. B. Leach and Company and John Farson and Son. The former house still maintains its principal office in Chicago with branches located in cities all over the United States. John Farson and Son operated in Chicago for a number of years and then moved to New York, from which center it still conducts an investment business.

In the early days, bond houses in Chicago had to give a great deal of time and attention to the drafting of laws and even amendments to state constitutions, which might throw a greater security about the issuing of municipal bonds and thereby enable municipalities to establish a credit permitting them to market their securities in amounts commensurate with their requirements. Along with those of other western states, the bonds of Illinois found some difficulty in securing adequate markets, because the state's debt history, although honor-

able, had been greatly troubled. In 1844 the governor stated that the state's total debt, including interest, was $14,440,381. Illinois was then unable to meet its payments and a few years later levied taxes to care for the interest on this amount. In time portions of the principal obligations were discharged; on January 1, 1857, the governor declared that during the past four years $4,564,800.40 had been paid in liquidation of interest and principal on the public debt. By 1870 the state had succeeded in getting entirely out of debt and a new period of borrowing was not begun until 1921. In 1925 there was not outstanding any bonded debt of the state drawing interest which had been issued prior to 1921 and practically all of the then existing debt consisted of highway and soldiers' bonus bonds; these bonds were quoted in 1925 to yield about 4.10 per cent in net income.

During the panic of 1893 the bond houses of Chicago had their first opportunity to be of assistance by supplying the banks with much needed cash. N. W. Harris and Company alone supplied many millions of dollars by means of taking reserve bonds off the hands of the banks and selling them on markets still open to such investment. This service was repeated in the panic of 1907, and after the San Francisco fire this house and others purchased large quantities of bonds from insurance companies having agencies in San Francisco. One company had so large a supply of bonds which it sold to N. W. Harris and Company at that time as to pay practically its entire losses out of funds supplied by the Chicago house.

The big development in the field of investment banking in Chicago dates from 1910, while the greatest of all came after 1920, when the volume of such business grew to from three to five times what it had been ten years earlier. This great development has come largely as a result of an increase of wealth during the war and the interest in bonds fostered by the flotation of liberty bond issues. The early nineties brought the investment business up to sizable proportions for the first time in the history of Chicago, and in the boom period following McKinley's election in 1896, there came an expansion in the sale of securities which brought the city so strongly to the notice of eastern bond houses that a large number of them opened offices in Chicago during the decade between 1900 and 1910.

At the beginning of the year 1904 there were only ten strictly investment bond houses and not more than thirty bankers and brokers who did a considerable bond business in the city. Only about five of the forty incorporated banks in Chicago at that time operated bond

departments. In 1924, on the other hand, at least six hundred investment banking houses or individual investment bankers were operating within the limits of the city and, in addition, nearly one hundred banks were operating departments for the sale of securities. Thus, from the comparatively small beginnings of men like Harris, Leach, and Halsey in the period before the opening of the twentieth century, there has developed a business which is now selling a total of investment securities to private investors in the Chicago district alone amounting to an almost unbelievable figure.

The first attempt on the part of Chicago's bankers to underwrite an issue of bonds in a sizable amount came in 1918, when forty million dollars' worth of Armour and Company's six per cent serial debentures were issued by Chicago firms with a Chicago bank acting as trustee. Back in 1914 there had been issued ten million dollars' worth of Swift and Company's first mortgage five per cent bonds, which was the largest amount known in the west up to that time. In fact, this issue was of more importance than it might now seem, for before the war a ten million dollar loan was considered large even in the east. Chicago, however, has since reached a place where single deals amounting to between fifty and one hundred million dollars might be efficiently handled. Year in and year out the financing of the Insull properties by Halsey, Stuart and Company probably represents the greatest single operation of Chicago's bankers. In 1924 this financing aggregated nearly seventy million dollars. That same year public utility and industrial bonds of various kinds originating in Chicago amounted in all to approximately three hundred million dollars, while real estate mortgage bonds and municipals and joint stock land bank issues aggregated another two hundred million dollars. In all, more than one-half billion dollars' worth of securities of an investment character were originated in the City of Chicago in a single year, and in addition the bankers of Chicago participated heavily in issues originating in the east. At the end of 1925 it was estimated that corporate financing in the entire United States was at the rate of about five billion dollars each year. About four billion of this was done in New York City of which, in turn, about one billion was taken care of in Chicago. Thus, at least one quarter of New York's financing was at that time being done with Chicago's money.

In addition to having become one of the prominent investment securities markets of the country, Chicago's strategic position in the center of the most fertile farming sections of the middle west has

enabled that city to provide the chief market in the country for cattle paper and farm loan securities. The market for cattle paper has come to Chicago partly because cattle are not raised in districts containing banks of sufficient size to be able to make loans of any sizable amount, and partly because Chicago has become the great market for the sale of cattle, while the remainder of the state of Illinois plays an important part in preparing steers for that market. As cattle come from western ranches, they are not usually ready for the production of prime beef, but must first be subjected to a period of feeding in which the corn of Illinois plays a prominent part; thus, cattle for the markets come not directly from western ranches, but rather from the farms of Illinois and Iowa. Under such circumstances it is no doubt logical that, even were Chicago not the second financial center in the country, cattle financing would still gravitate in large amount to that city.

That Chicago should likewise be a chief center for the sale of farm loan securities is even less difficult to understand, for Chicago is located in one of the most fertile farming states of the rich middle west and is surrounded by a territory known as the "breadbasket of the world."

Farm loans have in recent years been taken under the supervision of the United States government through the establishment of two distinct types of loaning organizations provided in an act passed by Congress in 1916. Prior to that date these loans were taken care of by private mortgage companies which purchased farm mortgages and then sold them in their entirety. In the city of Chicago there developed a large number of mortgage houses specializing in loans to farmers in the surrounding territory.

The act of 1916, however, made possible through the organization of Federal Land Banks and Joint Stock Land Banks the purchase of farm mortgages in larger quantities. It then became customary to issue bonds against these mortgages and thereby distribute them among a larger purchasing clientele in a form convenient for both buyer and seller.

This new type of farm mortgage bond, which has come into great popularity in the middle west, when secured by Illinois land is offered by the Federal Land bank located at St. Louis. Under the act of 1916 the whole country is divided into twelve Federal Land bank districts, corresponding roughly to the twelve Federal Reserve districts, and each of these is served by a single Federal Land bank,

operated under federal control on a mutual plan whereby the farmers borrowing from it may acquire a stock ownership. The St. Louis bank covers a territory including the states of Illinois, Missouri, and Arkansas.

The Federal Land banks were originated for the purpose of catering primarily to the small farm borrower and are allowed to make no loan larger than ten thousand dollars to a single customer. Consequently, these banks more and more serve the poorer farming districts in sections where it would not be to the advantage of private interests to risk their capital on farms of doubtful producing power. Thus, it will be seen, the Federal Land banks perform a distinct service in building up poorer territories and in improving to the utmost farms that otherwise might be permitted to go to waste.

The second type of institution, also under government supervision, which serves the farms of the country, is known as the Joint Stock Land bank, and in the system as a whole, these banks, which are all owned privately, correspond to the country's national banks. These banks are not so limited in the size of loans they may make to a single individual and are therefore able to be of assistance to agricultural men developing the country on a large scale. Under the act of 1916, no limit was placed on the amount of a single loan that might be made by a Joint Stock Land bank, except that no bank might issue a total of bonds in excess of fifteen times its capital and surplus. Its board, however, had set fifty thousand dollars as the arbitrary figure beyond which no Joint Stock Land bank might go in making an individual loan.

Under the requirements of the act, Joint Stock Land banks must have a capital stock of at least $250,000, one-half of which must be paid up in cash and the remainder subject to call. Such mortgages and notes as they own, against which they wish to issue bonds, must be deposited with the registrar appointed by the federal farm loan board for the district and, even then, the issue of bonds can be made only after the approval of the board is secured. Federal Land banks, on the other hand, are permitted to issue bonds up to an amount of twenty times their capital and surplus.

As is to be expected, in the richer farming districts the Joint Stock Land banks have gone ahead of the Federal Land banks in the amount of loans made, while in poorer sections the opposite is true. In the New England states, Florida, New Mexico, and Delaware, for instance, where farming is not the most important industry,

there are no Joint Stock Land banks. In New York, where agriculture plays a fairly important part, Federal Land banks from the time of their organization until the end of August, 1925, have made loans amounting to $19,345,840, while Joint Stock Land banks in the same period have loaned $6,369,400.

As one goes into the more important agricultural districts he is impressed by the larger size of loans made by the Joint Stock Land banks. Illinois is one of the greatest and richest agricultural states. For much of its area the soil is known as the "flat black corn lands," which comprise a part of the most fertile and productive area in the Mississippi Valley. Illinois, second only to Iowa in the amount of corn, oats, and hogs, ranking third in the production of beef, and further favored as a state of highly diversified farming, is nevertheless not a state uniformly rich. Its southern sections are not as productive as are the northern and central parts. Consequently, in Illinois one finds the Joint Stock Land banks located in the north and central parts. Since its organization the Federal Land bank, located at St. Louis, has made only 5,655 loans amounting in all to $26,002,305, while the Joint Stock Land banks in the state have made 7,493 loans amounting to $64,650,245. Only Iowa with total loans by both kinds of banks amounting to $159,627,095 and Texas with $173,983,452, exceed Illinois in aggregate amount of $90,652,550. In Iowa alone have Joint Stock Land banks made a total of loans in excess of those made in Illinois.

One can appreciate the great value of these farm loan banks sponsored by the government when he realizes that in Illinois the average value of farm land an acre, together with its buildings, has increased from $7.99 in 1850 to $19.56 in 1860; $28.45 in 1870; $31.87 in 1880; $41.51 in 1890; $53.84 in 1900; $108.32 in 1910; and $187.59 in 1920. In the United States as a whole these averages have increased from $11.14 in 1850 to $69.38 in 1920. It is reasonable that the average country bank with a capital of something like $30,000, which gives it a loaning capacity to any one borrower of only $3,000, cannot be of any great assistance to farmers who wish to make real progress in the development and improvement of their lands. Three thousand dollars is too small an amount to be worth considering for farms on many of which the investment is greater than the capital of the average country bank. It was on this account that the farm mortgage companies of a number of years ago sprung up in Chicago, but even these were not in a position to market and

care for such securities as adequately as is now being done under the system provided by Congress in 1916.

In addition to the service Chicago and the state of Illinois receive from the Federal Land Bank of St. Louis, there are seven Joint Stock Land banks provided with charters, permitting them to make loans within the state of Illinois. Two of these are located in Chicago, one each in the cities of Monticello and Edwardsville, Illinois, and one in Burlington, Iowa. These five are the only ones which actively serve the Illinois territory. Two in Indiana—one located at Indianapolis and another at Lafayette—each have permission to operate in Illinois, but at the time of this writing neither has availed itself of that privilege.

The Chicago Joint Stock Land bank is the largest institution of its character in the country. It serves a field including fifty-six million acres of improved farm lands and within its district lies approximately one-fifth of the total farm wealth of the United States. The capital amounts to four million dollars.

As one sees from the earlier sections of this chapter and also from the chapter on the Chicago Stock Exchange, public utility financing has long held an important place in the investment market of Chicago. Consequently it is only reasonable to expect that developments in this type of financing would come from Chicago. One of the most noteworthy of these is the customer ownership plan which has been carried out in recent years.

Customer ownership, while almost wholly developed in Chicago, was not originated here. It was first thought of and put into operation by the Pacific Gas and Electric Company of California, which succeeded in placing a large amount of its six per cent preferred stock among its consumers and thereby proved that in some sections of the country, at least, the public could be persuaded to invest in such issues without the intervening aid of a broker. Consequently, in June, 1915, the Byllesby Engineering and Management Corporation of Chicago, after many years of discussion of the proposition and after obtaining what seemed to be only adverse opinions from investment bankers and others who believed themselves in a position to know, introduced the customer ownership plan on its properties known as the Northern States Power Company.

It was not, however, until 1916 that the term "customer ownership" which has now become so current, was first introduced. It was coined by W. H. Hodge, publicity manager for the Byllesby con-

COMMUNITIES SERVED BY PUBLIC SERVICE CORPORATIONS SELLING THEIR OWN SECURITIES ON THE CUSTOMER OWNERSHIP PLAN, 1925

cern, in a paper he presented before the Colorado Electric Power and Railway Association at its annual convention held at Glenwood Springs in September. Customer ownership, according to Mr. Hodge, is a mutualization of the utilities. It means popular but not municipal ownership.

In June, 1915, when the experiment was first launched, financial conditions throughout the United States were unsettled. It had been generally impossible for utility companies to finance large undertakings for the preceding two and a half years, except through the issue of short-term coupon notes paying a high rate of interest. Consequently, customer ownership, although first installed as a way out of a difficulty, nevertheless was greatly hampered in its progress by that very same difficulty. In the year following, the war brought a surplus of funds to the country which became available for investment purposes, so that 1916 was a good year for a new undertaking. That, however, was the only satisfactory year experienced for some time, as immediately thereafter the United States went into the war and investment funds were largely absorbed by the government's own issues. But in spite of all the difficulties encountered, the customer ownership plan grew and prospered. The Byllesby firm sent out a staff of salesmen whose duty it was to promote the customer ownership plan—between liberty bond issues. Whenever the government was in the market for funds, the entire force of these men was turned over to war uses. Between liberty bond issues, which came thick and fast in those days, Byllesby stock was sold in amounts that were more than gratifying.

By the time the war was ended and it again became possible to seek funds in any appreciable amount, the Byllesby customer ownership plan had become so popular that it was quickly embraced by many of the country's largest companies and was taken on by these with such success that in all probability many of those who first predicted that Byllesby would never make a success of the plan, would now be ready to testify that they themselves had invented it. At any rate, electric light and power industries everywhere have so annexed the customer ownership plan that it has become an integral part of their organization, the National Electric Light Association, which has appointed a commission to assist operators in doing their financing in this way.

Thus in the investment field the bankers of Illinois have played a prominent part in blazing the trail to success and in more than one

respect have been imitated by others the country over. It is natural that Chicago should have played an important part in this field, for, as has long been known, new developments work toward the west. The investment business must of necessity be the last link in the banking chain to be developed to a large extent, for there is never much money available for investment purposes in a new country and all world progress seems to have traveled west. Chicago, already well advanced in other fields, was able to add her characteristic touch to the investment market. It is interesting to recall that the world circuit was made complete shortly after the World war when there were handled through Chicago's markets an issue of bonds bought in Japan, the point farthest east, and sold in California, the farthest western point.

CHAPTER XXXI

BANKERS' ORGANIZATIONS

Chicago's first bankers' convention—American Bankers' Association—Illinois Bankers' Association—Chicago and Cook County Bankers' Association—American Institute of Banking—Investment Bankers' Association—Bankers' Club.

It is to be expected that the state claiming to be the nation's second financial center would take an extremely active part in bankers' organizations of various types, but it is not generally realized how large a part Illinois does play and for how long a period her bankers have been known the country over for the contributions they have made to better banking. Records show that back in 1864, when Illinois was a state almost without official banking institutions, excepting those few national banks which had been formed in eager response to the authorization of this greatly needed system, Edmund Aiken, then president of the new First National Bank of Chicago, was elected one of the vice-presidents of a group of bankers which met in New York on October 19 to discuss many problems confronting them. Since most of the banking business of the country up to that time had been handled in the east and Illinois had for a number of years been practically without banks, it is significant of her future progress that a representative of the financial interests of that state should have been honored with an office in the bankers' group.

That this was not a coincidence, nor due solely to Mr. Aiken's personal aggressiveness, is plainly indicated by the fact that only two years later, on September 12, 1866, a similar meeting was staged in Chicago. This was attended by sixty-six presidents and cashiers representing banks in the states of Illinois, Iowa, Wisconsin, Indiana, Michigan, Missouri, and Minnesota, while one banker traveled all the way from Louisiana to attend the convention. Eastern bankers were not present, as this meeting had been called to discuss a purely western problem. At the time Congress was considering the passage of a bill making New York, Boston, and Philadelphia the only points at which national bank notes might be redeemed. Were such legis-

lation to go through, it was almost certain to result in the withdrawal of large amounts of circulating money from the west, where a rapidly developing commerce was in great need of an adequate circulating medium such as had never existed in the west prior to the passage of the National Bank Act. Therefore, Chicago's first bankers' convention was held for the purpose of defeating such legislation and drawing a larger proportion of circulating funds to this newer section in order that it might compete adequately with the older east.

In later years, after the bankers of the nation had united their interests in the organization known as the American Bankers' Association, Illinois played a consistently important part in its affairs, and Chicago bankers who attained world-wide reputations gave generously of their time and talents to the development of general banking throughout the country. In 1885, 1893, 1909, and 1924, national conventions of this association were held in Chicago, and at each of these meetings there were gathered bankers from all parts of the country to discuss problems of nation-wide interest. Likewise, Illinois had made generous contributions to the roster of officers; among the prominent men who have served as presidents of the American Bankers' Association five have contributed in large measure to the development of banking in this state. The first of these was Lyman J. Gage who served three successive terms beginning in 1883. Mr. Gage was then vice-president of the First National Bank of Chicago and later Secretary of the Treasury. John J. P. Odell, president of the Union National Bank of Chicago, served as president for two terms in 1894 and 1895. John L. Hamilton, vice-president of Hamilton and Cunningham of Hoopeston, was the only Illinois banker outside of Chicago to be elected president of the national association of bankers. Mr. Hamilton served in this capacity in 1905. In 1908 George M. Reynolds, then president of the Continental and Commercial Banks, was president of the association; in 1913 his brother Arthur Reynolds served in that office. At the time of his term as president of the American Bankers' Association, however, Arthur Reynolds had not yet made his connection with the Continental and Commercial Banks but was located in Des Moines, Iowa.

In 1890 the bankers of the state felt the need of their own local organization and formed the Illinois Bankers' Association. The following year those operating private banks formed a similar group, designed to foster their particular interests. Before long, however,

it was learned that both groups had so much in common, and so much to be secured from one another, that it was deemed best to pool their forces. In 1894 the two were united, so that from this time until state laws were so amended as to abolish private banking, the Illinois Bankers' Association embraced the national, state, and private banking interests of the state.

From its inception this organization has been a strong factor in urging legislation to promote high standards in banking. When such subjects have been open to controversy, the Illinois Bankers' Association has always stood on the side of sound money and good banking. It consistently opposed free silver and announced itself as unalterably in favor of maintaining the gold standard, this latter principle having been repeated from time to time as occasion arose.

In recent years the Illinois Bankers' Association has given especial attention to legislation which might improve the protection both of bankers and of their clients, it has constantly urged tax improvement, and has taken a definite stand for the supervision of dealers in mortgage securities and other investments. Nor has it relied on legislative forces alone for better protection of bankers and the funds of their clients, but for a number of years has conducted a large and ably managed protective department which has policed the state. In fact, the association has given so much of its attention to the protection of the clients of banks and to the development of business, outside of banking, in the state that Wayne Hummer of La Salle in his presidential address given at Peoria in 1925 said in part:

"Through all these years we have considered the problems of the farmer, the business man, and the manufacturer. We have taken a position on all affairs of the state and nation, the general welfare having at all times our first consideration. I am firm in my belief that our contributions toward right thinking on these various problems and questions has in no small measure aided in their solution, and yet I cannot understand why we bankers have been so modest, why we have given so little time and thought to a frank and open discussion of the problems of our own business."

When in 1901 the association met at Quincy for its annual convention, Lorenzo Bull of that city was asked to give a resumé of banking as he remembered it. Mr. Bull was then well along in years and doubtless had many interesting recollections to offer the bankers, but in his address he struck a note which subsequent increases in the

association's membership proved to be entirely false. What Mr. Bull said was: "You are doing business at the present day under a system of banking which has gradually been perfected until there remains but little to be desired for its further improvement." Were the speaker correct in this statement, there certainly would have been little further need for such an organization as the Illinois Bankers' Association which stood consistently for banking progress. It is, therefore, significant that while less than two hundred of the one thousand banks in the state were members of the association in 1901, almost immediately the organization came to be of such great worth in the eyes of bankers as to increase its membership to 900 by 1904, to 1,560 in 1911, and 1,887 in 1925. Even in 1902 the Illinois Bankers' Association could boast itself as being the largest state bankers' association in the whole country.

Up to this time the association had interested itself in only those problems especially affecting the bankers of Illinois, but in 1903 it departed from this policy for the first time when it joined the Iowa Bankers' Association in holding a joint convention at Rock Island, Illinois. Thereafter the bankers of Illinois realized that their problems and interests were so closely allied with those of bankers in neighboring states that they frequently allied themselves in one way or another with them. In 1904 the annual convention was not even held on Illinois territory; instead, the bankers journeyed to the World's Fair at St. Louis where they held their sessions in the Illinois Building on the fair grounds. Needless to say, this convention drew the largest attendance in the history of the association up to that time. Between sessions the Fair was visited and during sessions prominent Missouri bankers occupied important places on the program.

Two St. Louis banks were actually taken into membership in 1909 and others were later admitted, until in 1925 the asosciation included in its membership a total of nineteen institutions located outside of Illinois. While the organization was originally intended for Illinois Bankers alone, it was agreed in 1909 that banks so located as to do a large part of their business in Illinois should be entitled to membership. Since the constitution did not specifically prevent these from joining, their membership was accepted and found to be a valuable addition to the organization.

When the Illinois Bankers' Association had reached its twenty-first anniversay—in 1911—one of the speakers at the convention

held in Springfield ventured for the first time to suggest that it was time for the bankers of Illinois to put their house in order by requiring that all banks in the state be placed under either state or national supervision. This was the first effort made to abolish private banks which by that time had begun to be a menace to honest banking, both private and incorporated in some sections. Nothing was immediately accomplished as the result of this suggestion, but the following year at Peoria, B. F. Harris of Champaign, in his presidential address, again brought up the matter and, in order to start action, was prepared with a committee of which Charles G. Dawes had been made chairman. This committee had drawn up a bill which it was proposed that the Illinois Bankers' Association should present to the legislature at its next session. However, there were sections of the state so sparsely settled that incorporated banks, because of the large capital requirements, could not operate profitably in them, and the resulting fight put up by bankers from these sections, together with that of unscrupulous private bankers from other parts, quickly defeated all of President Harris' efforts and the abolishing of private banks in Illinois was not accomplished until 1917.

In 1914 the association held its first convention aboard a steamer on the Great Lakes. This provided a suitable place for the sessions during the trip between ports and ample, interesting entertainment was offered by the bankers of various cities vistied on the journey. This type of convention proved to be so successful that it was repeated on subsequent occasions.

By June, 1925, the number of banks in the state had become twice as great as at the opening of the century, and the Illinois Bankers' Association had increased its membership from less than two hundred to 1,887 which then included 489 national banks, 1,303 state banks, one Federal Reserve bank, 72 brokers, 19 banks outside the state, one chapter of the American Institute of Banking, one auditor's office, and one State Treasurer's office.

Although the banks of Illinois took a prominent part in general banking progress through their activities in the American Bankers' Association and the Illinois Bankers' Association, their accomplishments in these directions were on the whole only what might be expected from the state including the second largest banking center of the country. A development, however, which is looked upon as one of the marvels of the country, came about in the ranks of that small organization known as the Chicago and Cook County Bankers'

Association, which included in its membership the outlying banks in the city of Chicago and like institutions in neighboring communities.

The growth and development of the business of these institutions has been rivaled in no other city. In New York City, where similar developments might have taken place, neighborhood banking was stunted to an extent by downtown banks which established offices in outlying districts. In Chicago, however, where this extension was not made on the part of the larger banks, neighborhood institutions have grown up in such numbers and to such size as to command a savings business larger than that of all the loop banks combined and to have a commercial business comparing very favorably with that of more centrally located institutions.

The Chicago and Cook County Bankers' Association started as the South Side Bankers' Association which met periodically in an old inn near the stock yards. At first, this was simply an informal gathering of bankers from that section of the city who met only for the purpose of furthering their own interests. So many good results came from these meetings that similar groups were formed in other sections surrounding the downtown district, and in time these bankers, realizing that their interests were much alike, appreciated that more benefit might be obtained were their many small organizations to be consolidated. Through this joining of groups there gradually came into being the Chicago and Cook County Bankers' Association.

As these groups united they came to seek the advice and services of Joseph J. Schroeder who was Secretary of Chicago Chapter of the American Institute of Banking. He gave such time as he could spare until 1922, when a full-time secretary was appointed, and thereafter the Chicago and Cook County Bankers' Association came to be one of the powers in the development of the banking business in those sections from which it drew its membership.

E. N. Baty who was the association's first full-time secretary and who has served it since 1922, spent many months tracing the history of outlying banking in Chicago. Although there was little from which to draw such a history, Mr. Baty's patience and persistence was rewarded with a number of extremely interesting facts. He found that back in 1874 Chicago had had four incorporated outlying banks, two with national and two with state charters. These were the Home National Bank located at Washington and Halsted streets, which had been organized in 1872 and which

in 1874 had deposits of more than two hundred and fifty thousand dollars; the Union Stock Yards National Bank, organized in 1868 and still doing business under the name of the Stock Yards National Bank; the Home Savings Bank, also located at Washington and Halsted Streets, organized in 1869 which, together with the Home National Bank, was taken over by the John R. Walsh interests in 1897 and figured in the great Walsh failure of 1905; and the Prairie State Loan and Trust Company, also established in 1869, which conducted its business for a number of years at Washington and Des Plaines Streets.

By 1894 the number of incorporated banks in the outlying sections of Chicago had grown to thirteen, representing both national and state institutions and having total deposits of approximately twelve million dollars. By the opening of the twentieth century this number had decreased to eleven, not because of failures, but rather through moves and mergers. Ten years later there were six national and twenty-nine state banks in outlying districts, and then the real development which has astounded the financial world began. In the four years following 1910 the number of outlying banks nearly doubled, so that in 1914 there were twelve national and sixty-three state banks. By 1924 the neighborhood banking business in Chicago had grown to such proportions that of the two hundred banks in the city, only twenty-seven were located downtown in what was termed the "loop." The remaining one hundred and seventy-three were all in outlying districts and every one of these held a membership in the Chicago and Cook County Bankers' Association. At that time New York with more than twice the population of Chicago had only approximately half as many individual banks.

In all, the one hundred and seventy-three outlying banks in Chicago in 1924 had aggregate deposits of six hundred and fifteen million dollars, which amounted to an average of more than three and one-half million for each individual bank.

Between 1900 and 1924 the outlying banks in Chicago increased their total deposits by three thousand per cent, while all incorporated banks in the country grew in deposits only slightly over five hundred per cent during the same period. To be sure, due consideration must be given the fact that at the beginning of this period outlying banks in Chicago were somewhat of an innovation and therefore in a position to grow more rapidly than the well established institutions in other sections. These figures, however, may still hold some claim

to accuracy when it is considered that during the last two years of that period outlying banks in Chicago increased their deposits more than forty-two per cent while loop banks increased theirs only twenty per cent, and that between April 3, 1923, and March 31, 1924, when banks of the entire country were increasing their deposits four per cent, those in Chicago's outlying districts were making a twelve per cent increase, or just three times the rate for the country as a whole.

At the end of 1924 Chicago's outlying banks held more deposits than all the banks of the six states of Idaho, New Mexico, Wyoming, Delaware, Montana, and North Dakota, and at the same time their deposits were larger than those of all banks—national, state, and private—in any one of thirty-two states. Their capital was greater than the combined capital, surplus, and undivided profits of all the banks in any one of half the states, while the states of Nevada, Rhode Island, and Delaware combined had fewer banks than were contained in the membership of the Chicago and Cook County Bankers' Association.

In view of these last facts and recent financial disasters in North Dakota, it is interesting to note that Chicago, unlike that state, was not overbanked. While in the country as a whole there was one bank for every 3,520 people, Chicago had only one for every 15,000.

The Chicago and Cook County Bankers' Association has been very active in producing certain greatly desired reforms. One of the first of these to be undertaken with real enthusiasm was the campaign against branch banking which followed the opening of a branch of the First National Bank of St. Louis in June, 1922. Secretary of the Treasury Crissinger was then of the opinion that it could do no harm to allow branch national banks in such states as permitted their own institutions to operate with branches. This, he felt, would enable the national banks to compete on a more equal footing with those owning state charters, and at the same time, by refusing to permit branches in those states opposed to branch banking, no harm could come to the general banking situation. The opening of the first branch by the First National Bank of St. Louis, however, raised such a tumult that in time the Secretary was led to give the law on that subject a more careful reading, after which he came to the conclusion that while national banks had no authority to establish and operate actual branches, they could not be prevented from opening and operating additional offices or agencies in the same place in which they were authorized to do business.

The Chicago and Cook County Bankers' Association felt that the very existence of its members depended upon defeating any power national banks might have for establishing branches. The outlying banks of Chicago had grown to their present state of strength largely because they did not have to compete with the branches of downtown institutions. They greatly feared that once national banks were enabled to establish branches under any circumstances whatsoever, they could soon establish them under all circumstances, and the more intimate neighborhood banks which were serving Chicago so well would be unable to compete with branches of larger institutions. Therefore, immediately after the establishment of the St. Louis branch bank, a meeting of the Chicago and Cook County Bankers' Association was held on June 29, 1922, at which Andrew J. Frame, the seventy-eight-year-old banker from Waukesha, Wisconsin, who had taken an active part in many banking and monetary reforms of national scope, was the principal speaker. Mr. Frame was so eloquent that upon the completion of his address the bankers present drew up and sent to Senators McCormick and McKinley and the Congressmen of Cook County a telegram protesting Mr. Crissinger's action. Thereafter the fight waged for some time, but eventually the association secured the decision desired in spite of the fact that there had for some years been a number of Chicago banks which had favored branch banking on the ground that neighborhood banking would be safer if kept in the hands of only the largest and strongest of the city's financial institutions. The Chicago and Cook County Bankers' Association, however, rather ably refuted this argument, when it pointed out that a fair proportion of its member banks were affiliated with the Chicago Clearing House, the requirements of which were extremely exacting, and that while the neighborhood banking system had been abused and therefore had constituted somewhat of a menace many years previously, such banks were at the time of the controversy, with very few exceptions, under capable management and were in most satisfactory condition. The association further pointed out that while the larger loop banks might give as great a degree of protection to their clients, they could not possibly give the same measure of intimate and understanding service.

Before long the city of Chicago came to a more adequate appreciation of a system of neighborhood banks greater than that in any other large community in the world and far more secure and serviceable than any other such system anywhere.

After completing its campaign against branch banking the association next undertook, in December, 1923, a similar campaign for the supervision of real estate mortgage investments. Its members became aware of the fact that the integrity of this most common form of investment was far from being all that might be desired in the city of Chicago, and brought to light a number of instances where supervision seemed best, with the result that this matter was taken up by other organizations as well and much was done to improve conditions.

In many respects the neighborhood banks were in a position to profit most by the architectural suggestions made by the World's Fair held in Chicago in 1893. Thereafter, whenever any of these banks undertook to build its own quarters, it was almost certain to have the new building most carefully designed along purely architectural lines, so that these buildings came to be centers of community pride and set examples to be followed by other institutions building homes for themselves and thereby the general appearance of many sections of Chicago was greatly enhanced. At the same time a large number of these banks attempted to make their buildings of practical as well as artistic value to their communities, and so included community halls where gatherings for social, business, and educational purposes might be held. In some of the banks, meetings addressed by reliable business authorities, purely for the benefit of the men and women of their neighborhoods, were held at regular intervals under the direction of the bank itself, or where two or more banks were situated close to one another, they would join forces in providing such community development rather than use it competitively as an advertising medium. Where banks do not have these halls or where their facilities have been inadequate for the crowds to be accommodated on special occasions, it has been the usual custom for them to join their forces in securing the assembly hall of a school house or some other available place, all banks advertising the event to be staged there at their joint expense.

In 1924 the association took up an active "Support the Federal Reserve System" campaign, during which it had speakers who addressed meetings on what its members believed to be the finest piece of legislation ever enacted, and urged the general public as well as those especially interested in banking problems to do all in their power to defend the Federal Reserve System against the dangers of political attacks then confronting it.

When the association made an accounting of its members in June, 1925, it was learned that the 176 banks located outside of the loop district in Chicago had a total of $660,000,000 in deposits, as against eleven banks with but $20,349,000 in deposits twenty-five years before. This is indeed remarkable in the history of banking growth. Of the neighborhood banks in Chicago in 1925, one hundred and twenty-three were affiliated with the Chicago Clearing House Association—an organization of which it can be said that no customer of any of its banks has in recent years ever lost a dollar of his deposits through bank failures—and besides forty-seven were members of the Federal Reserve System.

Two national associations of interest to bankers in which Chicago plays a conspicuous part, are the American Institute of Banking and the Investment Bankers' Association. The former organization was founded in 1900 and the following March a small group of men organized the Chicago Chapter at a meeting held at the Grand Pacific Hotel. Fred I. Kent, then with the First National Bank and since become vice-president of the Bankers' Trust Company of New York, and one of the world's foremost authorities on subjects concerning foreign exchange, was Chicago Chapter's first president.

In 1904 the Chapter began the publication of a small house organ known as "The Bank Man," which is still in existence and is now the oldest publication in any chapter in the country. In 1915 the Chapter found it necessary to take steps to meet its financial requirements on a more adequate basis and therefore established an endowment fund of one hundred thousand dollars. A part of this fund was raised by the Institute through giving entertainments of various descriptions, but some eighty-five thousand dollars was contributed by banks whose younger employees were receiving great benefit from the educational classes conducted by the Chapter. By 1925 Chicago Chapter of the American Institute of Banking had 3,137 members, five hundred of whom were bank officers. Many of these last attributed their high positions to the assistance they had received from the educational work of the chapter.

On January 16, 1920, another chapter was formed for the benefit of bank employees throughout the state in sections other than Chicago. This is known as the Illinois State Chapter and, whereas Chicago Chapter is able to carry on its educational program through classes under the instruction of suitably trained instructors, Illinois Chapter must, of necessity, conduct most of its work through cor-

respondence for which ample provision is made at national headquarters in New York.

The Investment Bankers' Association was organized in 1912 by a group of bankers headed by George B. Caldwell, then with the Continental and Commercial Trust and Savings Bank of Chicago, and since known as the "father of the association." Mr. Caldwell was president of this organization from 1912 to 1914 and since that time its offices have been given through a means of rotation rather than by election. Although Mr. Caldwell went to New York some two years ago, where he has become nationally prominent as an investment banker, his association, started from Chicago, continues to grow in magnitude, while other prominent investment bankers from Chicago contribute generously of their time to its progress.

The association has established its national headquarters in Chicago under the management of Frederick R. Fenton * as secretary and Clayton G. Schray as assistant secretary. Both of these gentlemen have served the Investment Bankers' Association in these respective capacities since its organization. The only national convention which the Investment Bankers have held in Chicago was in 1913, when meetings were held October 28 to 30. Only once since the presidency of Mr. Caldwell has a Chicago man headed the association. He was Roy C. Osgood, vice-president of the First Trust and Savings Bank, who served for the year 1920-21; at the same time Watkin W. Kneath of the National Bank of the Republic was treasurer. Doubtless the active part Chicago's investment bankers have played in affairs of the association would have entitled that city to more frequent representation in the roster of officers were it customary for the association to choose its officers by election. Under its present system, however, these offices must be given by location, so that every section and group represented in the association may at some time have due representation in the managing personnel. However, as a number of vice-presidents are provided for, Chicago has frequently been represented in this capacity. Also prominent men from Chicago have appeared on convention programs.

An organization of Chicago bankers remarkable for the large proportion of its members who have attained more than local attention as a result of the contributions they have been able to make to the banking profession, is the Bankers' Club of Chicago, started in 1882 for the express purpose of promoting the social, friendly, and business relations of its members. This organization, composed only

* Died April 17, 1926.

of bank officers, first came into existence on February 18, 1882, when, according to its minute book kept in careful and minute detail, a banquet was arranged by the clearing-house committee to which those deemed eligible for membership were invited. This dinner, according to the records, was held at the Grand Pacific Hotel and cost five dollars a plate with wine extra. For some days in advance those in charge were kept busy making elaborate plans for seating arrangements, so that no two men from the same bank might appear at the same table and that each table might be made up of those least acquainted with one another. Later, in writing up the minutes of the first meeting, the secretary included a minutely drawn diagram of the tables, showing who sat at each, the bank each came from and, by an ingenious device, he even showed the relative importance of these men in their profession. Lyman J. Gage, who was chairman of the meeting was represented by a series of concentric circles, the outer one of which was drawn in a heavy black line, while other members of the clearing-house committee who presided over the smaller individual tables were represented by similar symbols without the distinguishing black ring. Thirty-seven bankers were present at this first meeting.

A second similar dinner was held at the same hotel on April 22, 1882, and again Mr. Gage acted as chairman. On that occasion articles of association were adopted to which the thirty-four members present subscribed, and an election was held at which the following officers were chosen: L. J. Gage, President; Joseph O. Rutter, Vice-President; James D. Sturges, Secretary and Treasurer; and Orson Smith, Byron L. Smith and John P. Odell were elected members of the executive committee. The secretary and treasurer held his office for the following twelve years. Mr. Gage and Mr. Rutter each served for the first three years of the existence of the club.

Beginning with the third dinner meeting, which was officially known as the club's first regular meeting, there was established the custom of having a special program of real value. Vice-President J. O. Rutter appeared on the first of these programs with a paper on the early history of banking in Illinois and Chicago in which he gave sketches of many bankers who had been noted in former days. In the years that followed, the speakers at such banquets included many men whose names have become well known the country over. Among them were Andrew Carnegie who spoke on February 23, 1888; Dr. Emil G. Hirsch, Rabbi of Sinai Temple in Chicago; Dr.

Frank W. Gunsaulus, President of Armour Institute; Prof. J. L. Laughlin of the University of Chicago, who addressed the Bankers' Club in December of 1894 before he had become widely known for his work on the Indianapolis Monetary Commission and the National Monetary Commission; Eugene Field recited some of his poems in 1895; Dr. Barth, a member of the German Parliament, addressed a meeting in 1896; Charles G. Dawes first addressed the club in 1897 at a dinner given in honor of first President Lyman J. Gage upon his appointment as Secretary of the Treasury. Mr. Dawes has since addressed the club on many other occasions. In 1898 Majors Fred A. Smith of the United States Army and Horatio L. Wait of the Navy addressed the club on the same evening, telling of their experiences in the Cuban war. Among prominent college presidents who talked to this group were included the names of James B. Angell and Edmund J. James of Northwestern University, Harry Pratt Judson of the University of Chicago, and Charles R. Van Hise of the University of Wisconsin. Reverend Frank Crane, well known for his apt editorials and short articles, addressed a dinner in 1899; James J. Hill, president of the Great Northern Railway, talked on "Steamship Subsidies and Oriental Trade" in December of 1900. From among Chicago's own great men there were chosen the names of W. B. Ridgely in 1901 when he was Comptroller of the Currency; Raymond Robbins, superintendent of the municipal lodging house; Prof. George E. Vincent, then of the University of Chicago and afterward President of the University of Michigan and of the Rockefeller Foundation of New York, John T. McCutcheon, the famous cartoonist; and Sidney Smith who is probably no less well known. William Jennings Bryan spoke in 1908, which would indicate that the bankers of Chicago were sufficiently broad minded to be willing to listen to a man whose theories they had steadily opposed. Another political speaker of note was Speaker Joseph G. Cannon who appeared the same year. George Ade and "Buffalo Bill" appeared in 1911 and 1913, respectively. Charles M. Schwab, President of the United States Steel Corporation; H. H. Hanna, chairman of the Executive Committee of the Indianapolis Monetary Commission; Theodore P. Shonts, chairman of the Panama Canal Commission; Frank A. Vanderlip and Charles E. Mitchell, both presidents of the National City Bank of New York, have all spoken on various occasions. From time to time both James B. Forgan and Lyman J. Gage of the First National Bank of Chicago have appeared on

programs of the Bankers' Club, Mr. Gage's last appearance being in 1903 when, as President of the United States Trust Company of New York, he came back as the guest of an organization of which he was the first president.

On reading the minute books telling of these banquets one gains the impression that the bankers back in the eighties and early nineties were very precise gentlemen, for no small detail seems to have been omitted. One learns the shape of the banquet table which at times took the form of a horseshoe, a triangle, or the letter "T." Each guest is noted by name, as is also his precise seat at the table, the bank he represented, and whether he was a member or a guest of the club. Such entries as "Meeting was called for 6:30 o'clock P. M. Dinner was served at 7:40" are usual, and frequently the secretary took great pains to record that not every available minute was devoted to club business but instead "Coffee was served about 9:30 P. M. After coffee a recess of fifteen or twenty minutes was had, devoted to informal sociability, after which the meeting was called to order."

The first large meeting of the Bankers' Club was held at the Grand Pacific Hotel on October 23, 1883, when seventy-one members and guests assembled to hear an address by Albert S. Boles of New York, Editor of the Bankers' Magazine, on the subject of "Currency of the Future." On that momentous occasion members invited their friends from far and near, so that there were numbered among the guests men from New York, Cincinnati, Boston, Milwaukee, Grand Rapids, St. Louis, and Omaha, as well as from cities other than Chicago in Illinois. The meeting, however, must have been something of a disappointment, for the secretary added a footnote to his record which read, "The dinner was no credit to the hotel. Charged $7.50 per plate for seventy-six guests." He does not tell, however, whether it was the food and service that was at fault or whether the fact that five uneaten dinners were charged for that ruined the banquet. At any rate thereafter the Bankers' Club discontinued having dinners at the Grand Pacific Hotel and after trying several places, finally settled on "Kingsley's" where for many years every dinner meeting was held. Perhaps one thing that made Kingsley's attractive was the fact that after the dinner was over the tables were removed and replaced by "an abundant supply of easy chairs, rockers, sofas, and so forth."

In time the bankers must have become lonely at their elaborate dinners, for they installed an annual "ladies' night" at which their

feminine guests were given an adequate impression of what constitutes proper entertainment. On these occasions the banquets were made more elaborate than ever, the entertainment was provided with a strict view to the tastes of ladies, and each guest received a gift which, according to the treasurer's reports, cost the club from three to five dollars each in lots of one hundred and fifty or more at "Peacock's."

From the time of its organization the Bankers' Club has always been composed of men closely related to the Chicago Clearing House Association. Consequently the club has on many occasions shared the rooms of the Clearing House. At one time the club established the library in the Clearing House, but later, because club members did not seem to find the books sufficiently interesting to devote many hours to them, the collection was given to Newberry Library of Chicago. Instead of devoting its funds to library books, the club in late years has had portraits of a number of Chicago's most prominent bankers painted, which have been presented to the Chicago Clearing House Association where they hang on the walls of the committee room.

In a way the Bankers' Club of Chicago is an organization which unites all bankers' groups represented in that community, for in its membership is included a large proportion of those men who have held high places in each of the others.

CHAPTER XXXII

PRIVATE BANKING

Position of private banks—Unscrupulous use of private banking privilege—Difficulties confronting private bankers—Efforts to secure proper regulation—Difficulties with banks in suburbs of Chicago—Statistics on private banking—Bank runs—One bank saved with Russian Rubles—Chicago conference for the regulation of banks—Buck-Austin Bill passed in 1917—Closing of one of Chicago's most respected private banks—Effect of regulation on establishment of state banks.

To acquire exact figures on the subject of private banking in Illinois would be an almost impossible task, for official reports concerning such institutions have been, from the very nature of the organizations, extremely sketchy and inexact, while records from other sources were similarly unreliable. No law required a private bank to make reports to any established authority; consequently, there can be no accurate record covering their activities. For instance, the comptroller, in his report for 1892, showed the existence of 149 of these institutions, while the Private Bankers' Association formed the same year, reported a total of 500 in the state. In 1909 the comptroller used the figures reported by the National Monetary Commission which gave 420 as the number of private banks in Illinois, with loans and discounts amounting to more than forty-six million dollars. Both the number of banks and the amount of their resources thus reported were more than double the same items reported by the State auditor for the years both preceding and following 1909. It is to be expected, from the careful nature of the studies made by that organization, that the figures of the National Monetary Commission are more nearly exact than any others.

It is interesting to recall that at the time Illinois discontinued her state banks because of the disasters that had befallen through those institutions, and when the state accepted the National banking system as being the best possible medium for financial transactions, no provision was made against the private bank, which might easily have

become a far greater disaster to Illinois than she had ever experienced in her early state banks.

Interesting as this fact may be, however, it is not surprising when one gives due consideration to the part played in early finance by the private bankers of Illinois. One need only recall the days of George Smith to realize that at the time of the establishment of the national banking system, the citizens of Illinois had reason for a wholesome respect for the private banker. Had it not been for private bankers such as George Smith and Alexander Mitchell, the commercial progress of the west in all probability would have been retarded by many years if not even a full generation. It is, therefore, small wonder that the people of Illinois hesitated to pass legislation leading to the destruction of the private bank.

As early as 1874 the private banking business in Chicago flourished to such an extent that a number of such institutions might be found located west and north along the river as well as in the downtown district, while there were several others outside of the central business section. Unfortunately many of these were extremely short lived, although others soon sprung up to take their places. In other sections of the state these banks doubtless flourished even better than in Chicago, for, having no requirements as to capital, they were amply able to secure the business of smaller communities before those desiring to establish under the federal or State law could see their way clear to do so in undeveloped districts which might not offer a sufficient return on the required capital to make the venture profitable. The stronger private banks did not fail and many of them survived even to the present decade. Some of Chicago's largest and best known institutions started as private banks, and in other sections the private bank frequently furnished the only practical means for banking facilities of any sort whatsoever.

Since private banks were never incorporated or subjected to the supervision or control of any central authority, they occupied the same position in the eyes of the law as would a private citizen. Their assets and liabilities, consequently, became a part of the owner's personal estate and were included with those of his other private ventures. Consequently, on the death of the banker the debts of his banking business, together with those of all his other private enterprises, became liens against his estate and the banking business was required to go through probate court along with everything else for settlement. Then, should there not be enough for all creditors, bank depositors

must share pro rata with the others, for the courts held that the relation existing between a private bank and its depositor was that of debtor and creditor and did not entitle the depositor to a preference in the distribution of the remaining assets. Thus it will be seen that, while the banking business of a private individual might be perfectly solvent, unless the same could be said of all his other ventures the depositors of his bank might find themselves obliged to stand the losses suffered in enterprises entirely foreign to the bank. Men have been known to run private banks who at the same time were saloon keepers, barbers, plumbers, steamship agents, or in any of a dozen other trades. Should any of these ventures prove to be a failure, the financial consequences would fall pro rata upon the depositors of the bank.

Also, among the less scrupulous bankers there were men with no experience, capital, or other qualifications for banking. These opened up private banks because they believed them a convenient means for getting rich quickly. As is to be expected, institutions operated on so unstable a foundation constituted a great menace to depositors. This condition was especially bad in the foreign districts, where people were not sufficiently informed to be able to discriminate and therefore placed their small savings in great jeopardy. Many lost all they had, and in time private bank failures came to be almost a weekly occurrence in the City of Chicago.

By the autumn of 1912 there had developed a general feeling that all small bank failures were due to criminal operators. While it was true that some came from this cause, by far the greater number were the result of bad management, insufficient capital, and the lack of regulation and examination requiring the charge-off of non-liquid assets. Many a private banker who was strictly honest became water-logged with bad loans made to his friends or others in whom he felt justified to place great confidence. Likewise many bankers attempted to operate honestly on insufficient capital and experience, with the consequence that when their banks failed it was only natural for their victims to include them in the list of acknowledged criminals. State regulation was needed as much for the protection of these bankers as for their depositor victims.

In the autumn of 1912 the city council decided that so long as there was no state regulation of private banks, some supervision must be provided by the City of Chicago. With the assistance of the Chicago Clearing House Association, a bill was drafted and the state legislature approached in an effort to secure the desired supervision.

While this bill was still being discussed, banks continued to fail and, when in November the Kirby Savings Bank at 5019 South Ashland Avenue was closed because its proprietor, Dr. William P. Kirby, was adjudged insane by the county court and it was learned that the bank had assets of only $856 against total liabilities of $150,000, public sentiment demanded prompt action. The Kirby case was so sensational that it attracted attention far and wide, illustrating more than a few of the evils that might result from lack of bank supervision. When the receiver attempted to take possession, he had to call the assistance of the police in order to take the bank from the hands of a woman who claimed ownership of the building in which it was housed and who tried to make good her claim with the argument provided by a double-barreled shotgun. When it became possible to investigate affairs, it was found that the cashier of the bank was a seventeen year old relative of Dr. Kirby and had already been arrested on a charge of passing a worthless check as agent for his employer.

As these facts were revealed, public sentiment against private banks became so intense that the private bankers began to fear for their existence. Their committee in the Illinois Bankers' Association issued a circular letter attacking state and national bankers who urged incorporation and supervision of private banking institutions. According to the letter, incorporated bankers were acting from purely selfish motives, for the state could not exist, particularly in smaller communities, without the aid of the private banker. Nevertheless, those opposed to private banking succeeded in getting a bill into the legislature and in December, 1912, it was reported that both House and Senate had a sufficient majority in favor of such legislation to pass the bill at that session. The private bankers, however, rallied to the fight and the bill was hopelessly defeated.

In 1914 it was reported that on an average, ten private banks were failing each year in Chicago and in almost every instance depositors were losing all they had on deposit. A check made in May of that year showed that there had been a million and a half dollars lost in the city in the previous two years through private bank failures. Nine banks had failed in Chicago during 1913 with liabilities of more than a million dollars and up to May, 1914, three more had gone down with another half million, while it was estimated that the sixty unchartered banks still existing in the city held the deposits of more than thirty thousand people. As a result of the revelation

of these figures, bankers throughout the city became thoroughly aroused, and claimed that something must be done at once or confidence would be so greatly destroyed that all banks would find their existence made increasingly more difficult.

There were in Chicago a number of private banking institutions so ably safeguarded as to merit a place among the city's foremost banks. These, naturally, joined the incorporated banks in their agitation for regulation and several of them applied for state charters. At the same time a number of the less scrupulous, desiring to seem in line with the general movement for bank safety, attempted to secure state charters without complying with state requirements. Some of these resorted to the device of organizing in a small suburb soon to be annexed to the city. In the fifteen months prior to the annexation of Morgan Park, a village of four thousand inhabitants, to the city of Chicago, eight banks secured charters to operate in Morgan Park on a capital of twenty-five thousand dollars. The law required a capital of two hundred thousand dollars for banks operating in Chicago. Since it was plainly impossible for so many banks to exist in a community of but four thousand people, it was obvious that their charters had been secured with the purpose of moving into more profitable neighborhoods as soon as the annexation of Morgan Park had been accomplished. In fact, some of the bankers who had taken out these charters admitted as much at the time and when a little later they tried to carry out this purpose, they were effectively stopped by the Secretary of State who, under stress of the agitation then rife, secured authority to demand that these banks maintain their original location or comply with the capital requirements of a city the size of Chicago.

This occurrence again roused the interest of bankers in general and some nine private institutions of high grade announced their intention of going under state supervision. Among these was Benjamin Culp who operated the Franklin Savings Bank, the second largest private bank in the city. Mr. Culp sent a letter to the depositors of his bank announcing himself so much in accord with the movement for regulating private banks that he was closing out the affairs of the Franklin Savings Bank and affiliating with the Madison and Kedzie State Bank instead.

The weaker ones, however, still continued their havoc. Late in October, 1914, Michael Potocki, head of the First International Commercial Bureau, closed his private bank and left the city with five

thousand dollars of unpaid deposits. When an examination was made it was found that the "assets" consisted of two ledgers, a great many unpaid bills, and innumerable canceled checks which were turned over to the state's attorney.

The newspapers of Chicago now conducted active campaigns for the abolition of the private bank and each took unto itself the credit for any progress made. Since, however, the menace of these institutions was not so great elsewhere as in Chicago and in some of the southern sections they had been of great value in building up communities, opposition to regulation in the state legislature was so strong that the matter became a dead issue in the session of 1915 when practically all bills on the subject died in committee. On May 19 the Senate Committee on Banks and Banking defeated the Latham bill, a state-wide measure for the control of private banks, and indefinitely postponed all action on the Austin bill which applied only to Cook County. The Thon bill for the regulation of private banks had been previously buried in sub-committee, although it was the most lenient measure that had ever been introduced. Representative William G. Thon of Oak Park had urged it in the hope that if more rigorous legislation could not be accomplished, at least depositors might be protected by legal warnings. His bill, therefore, provided that private banks might operate as such, provided they displayed signs in certain conspicuous places announcing the fact that they were not under either state or national supervision. Also they were to be required to submit reports to the state auditor when requested, such as state banks had always done.

In preparing his campaign for better banking legislation, Representative Thon compiled a group of interesting statistics on private banking. He found that there were in the state of Illinois a total of 757 state banks and 667 private banks. Of these, 91 state banks and 64 private banks were located in the city of Chicago. Between January 1, 1912, and April 1, 1915, there had been only two state bank failures in Illinois. These were the two Lorimer banks—the LaSalle Street Trust and Savings Bank and the Ashland-Twelfth State Bank of Chicago. In the same period there had been thirteen private bank failures outside of Chicago and twenty-six within Chicago, making a total of thirty-nine in all. The Legislative Reference Bureau likewise counted the number of private banks in the state in 1915 and published its findings as 586. This number was considerably smaller than that given by Representative Thon and was more

than twice that shown by the report of the state auditor. Such discrepancies, however, should not be charged against the person or group making the count, for private banks were so varied in nature and often so closely allied with other businesses that it is only reasonable to expect that any count would overlook a large number of them.

In September, 1916, Oliver F. Paisley, owner of three north side private banks, failed and in payment of his debts offered his house furnishings worth $4,000, his auto worth $800, and a few personal trinkets of small value. At the same time other disastrous failures were going on in various parts of the city. Since in many instances foreigners lost most heavily, these people lost confidence in banks in general and started runs on banks everywhere, regardless of their condition.

It was customary for banks in the Jewish sections of the city to remain open on Sundays in deference to Jewish trade. Therefore, it became possible for a run to occur in the Ghetto district of Chicago on a day when no emergency funds could be secured from without. One Russian Jewish banker found himself in great difficulty with bombarding mobs of his countrymen demanding their deposits, until he recalled that in his vaults there were large quantities of Russian rubles. Immediately he hung a sign in his window announcing that all payments on that day would be made in Russian money and that on the next day it might be exchanged by all who wished for American funds. He then proved his solvency to the depositors of his neighborhood by paying out some twenty thousand dollars in rubles —a form of currency familiar to the people of the Ghetto and therefore satisfactory to them, although the ruble was then undergoing a rapid decline.

About this time another count of private banks was made which placed the total number of such institutions in Chicago at 127, instead of the approximately sixty previously reported. Of these only forty-three were credited with transacting a purely banking business and most of them were located in foreign districts. Eighty-four were brokerage offices doing a private banking business, but this group seemed fairly safe and few failures were found in it.

Bankers and others generally had come to a realization of the fact that previous failures to secure proper legislation on the subject of private banks was due in large part to the fact that little or no attention had been paid to pledging candidates for election on this

subject. In 1916, therefore, agitation became so active that every candidate for a political position found it to his advantage to make known his views on the banking situation and to pledge his vote one way or another. In October Representative Thon addressed a meeting at the Hotel LaSalle which was attended by national, state, and private bankers and some thirty-five candidates for the next election for the state legislature, every one of whom had pledged himself to support legislation for bank regulation.

James B. Forgan and Charles G. Dawes, who had been asked to assist in the framing of a suitable bill to be introduced at the next session of the legislature, were present at the conference. It was soon learned that one great difficulty in the way of securing legislation, was the fact that while everybody present was in favor of the regulation of private banks, there seemed no way of reaching an agreement on just how that regulation should be accomplished. Mr. Forgan was of the opinion that the Bank of Nova Scotia and the Bank of Montreal should both be made exempt from any Illinois state regulation, as should likewise such national private banking houses as J. P. Morgan and Company and Kuhn-Loeb and Company. Mr. Forgan argued that the Canadian banks had acquired a vested interest to do business in Illinois, had had a vital part in the upbuilding of the industry of the city, and had come here in the early days when the city needed the capital and development they brought. Furthermore, he argued, these banks were under more than adequate supervision from their parent institutions and the Bank of Montreal was one of the strongest in the country. Likewise, he felt that since the national private bankers were obviously sound, they should not be humiliated by having to submit to any regulations required by the laws of Illinois. Mr. Dawes, on the other hand, was of the opinion that trouble would arise unless the law were made to apply to all and insisted that, while New York's financial position had developed with the city, thus putting that city in a position where it would be exceedingly embarrassing to pass laws against some of its strongest and most valuable institutions on the ground that they were private banks, the same situation did not hold in Chicago, a city which had become well established before it developed as a financial center. Chicago, Mr. Dawes said, was just then coming into her own in that respect and could therefore afford to establish a sound groundwork on which all banks must build before any bad habits were started.

In addition to arguments of this sort, there was a growing sentiment on the part of the bankers against the efforts of the city council to regulate banking. For four years a subcommittee on that body had been attempting to accomplish some relief for the situation in Chicago; however, nothing as yet had been done, as the council was not only beset by the elements in favor of private banking, but even those members most strongly for some such measure were divided on the question of who eventually should do the regulating of banks. One faction felt that it was a city matter and the state authorities should be kept out. Another felt that such legislation belonged entirely to the state and that anything the city did should be of a temporary nature to take care of the situation only until the state had seen fit to enact suitable laws.

All, however, were agreed that private banking as it had been conducted in Chicago had in too many instances become a source of serious loss to the community and of reproach to legitimate banking. They felt that legislation should be provided which would require ample capital in a bank to constitute a real protection to depositors. It was then estimated that there were 556 private banks in Illinois, 358 of which claimed an aggregate capital of $8,387,000 and a surplus of $3,199,000, which amounted to an average of a little more than $32,000 for each bank. The remaining 198 banks made no public statement of their capitalization. It became the general feeling that such banks should be required to be large enough to make ample livings for their owners, so that any temptation to conduct other businesses on the side and use bank funds therefor might be eliminated.

In view of this sentiment, Representative Thon revised his bill and now urged that all private banks be incorporated, those in Chicago to have a capital of fifty thousand dollars and in other sections of the state twenty-five thousand. He gave an address before the Private Bankers' Association of Chicago at the request of its members, many of whom were already in favor of the reforms he advocated. At the conclusion of his talk the organization went on record as giving its official approval to legislation providing for the incorporation of private banks, state inspection and supervision, and a minimum capital of $25,000. Furthermore, the association gave as its opinion that if such regulation could not be made to apply to the state as a whole, at least it should be made a requirement in cities over a certain size.

At the convention of the Illinois Bankers' Association held at Danville on October 3 to 5, 1916, the question of private bank legislation came up and, as had formerly been the case, the down-state bankers were violently opposed to any action. By now, however, they were willing that for the protection of the city of Chicago such regulation might be established in Cook County alone. They feared, however, that were a law to be passed for the entire state in this regard, between one and two hundred banks would be so seriously affected as to have, in most instances, to go out of business.

Private banking legislation had first been brought officially before the Illinois Bankers' Association at an executive council meeting held in Chicago on January 24, 1912, when B. F. Harris of Champaign, then president of the association, suggested that a committee be appointed to draft a suitable bill placing all banks in the state, excepting those operating under national charters, under the supervision of the state banking department. The council defeated this suggestion by a vote of thirteen to eleven, but Mr. Harris, undaunted, announced that those bankers who were in sympathy with the movement would individually carry the suggestion to the legislature. Subsequently he appointed a committee consisting of Charles G. Dawes, then president of the Central Trust Company, Chicago, chairman; E. D. Hulbert, then vice-president of the Merchants Loan and Trust Company, Chicago; M. O. Williamson, president of the Peoples Trust and Savings Bank, Galesburg; Edward W. Payne, president of the State National Bank, Springfield; John J. Doherty, cashier, First National Bank, Dwight; F. B. Flanders, of the Bank of Noble; John R. Wallace of Bartlett and Wallace, Clayton; E. T. Walker of the Citizens' Bank, Macomb; and W. M. Folger, president of the First National Bank of Vandalia. These bankers drew up a bill which they felt met the needs of the occasion and presented it to the association at its convention held at Peoria in September. Again it met with defeat, this time through a vote of 224 to 125. The subject was brought up again two years later when the Illinois Bankers' Association was holding its annual convention on Lake Michigan in September, 1914, and once more it was decided to take no favorable action. The time, the members of the Association said, was not then opportune for such action, and they found reasons for standing by this opinion, in spite of the fact that twenty-one private banks had closed their doors in the state during the preceding eight months; seventeen of these had been in Chicago. Again

in 1916 Charles G. Dawes approached the convention held at Danville and attempted to obtain a reversal in the stand of the association on this matter, but on the whole little assistance toward abolishing private banks was ever secured from the Illinois Bankers' Assso-ciation.

Likewise the City Council, which had spent a number of years drawing up an ordinance, found itself unable to secure favorable action, even though J. B. Forgan and other members of the Clearing House Committee had in June, 1914, given their indorsement to the principles underlying that which had been drawn up. The plan was constantly hindered and delayed in committee meetings and when in May, 1916, it came up before the aldermen, it was defeated by a vote of 25 to 38.

In spite of delays and hindrances on every hand, public sentiment on the subject was such that on June 7, 1917, the Buck-Austin Bill passed the House with a vote of 98 to 42. This required that all banks in the state be under either state or national supervision. Even after things had gone this far, however, the down-state interests, opposed to regulation of private banks, attempted to have the bill so amended as to exempt from its provisions all private banks which had been in existence for seven years or more. In this, however, they were unsuccessful and on June 22, 1917, the bill was finally approved to provide that no person, firm or partnership might transact the business of banking or the business of receiving money upon deposit, or use the word bank or banker in connection with its business, or transact the business of transmitting money to foreign countries, or buy or sell foreign money or receive money on deposit to be transmitted to foreign countries, except express, steamship, and telegraph companies which might continue their legitimate business of receiving money to be transmitted. Anyone violating this law was to be punished with a fine of not more than one thousand dollars, or one year in prison, or both. All banks in the state were required to be incorporated within ninety days after the passage of the bill, and thereafter they were allowed three years in which to convert their assets and come under full state regulation and inspection. While it was provided that banks must have a capital stock of at least two hundred thousand dollars to operate in Chicago, those in smaller communities were permitted the right to establish on as little as ten thousand dollars in some instances.

It is interesting and perhaps significant to note that exactly one

week after the Buck-Austin Bill had passed the Senate, Graham and Sons' Bank, one of the oldest and largest private banking institutions in Chicago, closed its doors. This bank had for years been considered the "Gibraltar of finance" and had been an active factor in delaying action for the regulation of private banks. It had been insolvent for at least fourteen months prior to its closing, but since no report had ever been made this fact was not generally known and depositors who had every faith in its founder, entrusted all they had to the bank. On frequent occasions Andrew Graham, founder of the bank, had been urged by his friends to incorporate and go under state regulation, but he had always refused, saying that the case of his bank was "different" and not suited to state requirements. A third of the bank's assets had been tied up in slow moving real estate which could not be liquidated in time of need. Thus, when a large loan was called and there were not sufficient quick assets to meet it, failure was the only alternative left. Fifteen thousand patrons with more than four million dollars in deposits suffered the consequences.

It was estimated that at the time the law was passed Illinois had more than one-fourth of all the private banks in the United States. More than sixty of these had failed in the previous seven years in Cook County alone, and it was estimated that through these failures at least eight million dollars in deposits had been lost and almost twenty-five thousand depositors with average deposits of less than three hundred dollars had become involved.

The Buck-Austin Bill allowed ample time in which private banks might make the transition to state institutions without undue loss. Its requirements were not to go fully into effect until January 1, 1921. Any private bank so desiring might become a state institution and comply with the law at any time prior to that date, but a very large majority of such institutions preferred to continue operations without state supervision as long as possible. Forty of Chicago's private banks waited until approximately that date before going out of existence, while some twenty others submitted to state supervision and made good on the $200,000 capital requirement.

The effect the law had on the formation of state banks throughout Illinois as a whole is indicated by the statistics issued by the comptroller's office which show state banks to have been organized in the following numbers:—

Year	Number of Banks Organized in Whole State	Number of Banks Organized in Chicago
1917	59	6
1918	26	1
1919	124	22
1920	416	15
1921	50	22

While these figures do not in any way indicate how many of these new state banks had formerly existed as private banking institutions, the fact of so great an increase during the years the Buck-Austin Bill was going into effect is significant.

CHAPTER XXXIII

DEVELOPMENT OF BANKING LAW

Illinois banking law and its amendment of 1903—Cases of Spalding, Dreyer and Paulsen —Securing release on an amendment made after conviction—Paisley, Lorimer and Meadowcroft cases—Amendments of 1924.

Important banking legislation has been noted in these chapters in connection with those events which provoked its passage. The mere passing of laws, however, has not, in many instances, been sufficient to constitute actual bank regulation. Often such acts had to be tried and tested, and an important part of the present-day banking legislation has been developed in the office of the state's attorney, much of it during the decade beginning with 1896. Nor is it strange that this development was largely in Cook County and followed the panic and depressions of 1893 to 1896. It so happened that during the eight years when these cases were being adjudicated, Charles S. Deneen was State's Attorney and had surrounded himself with a staff of able assistants, several of whom have served as judges of various courts in Cook County.

The legislative act for the protection of bank depositors, passed in 1879, had made it a criminal offense, punishable by fine or fine and imprisonment, for a banker to receive a deposit of money or other valuable article transferable by delivery, after insolvency, whereby the deposit so made might be lost to the depositor. That act, however, did not expressly state that knowledge of the insolvency was an element of the offense. In 1903 the act was amended to require that a banker to be liable for punishment as a criminal must know of his insolvent condition at the time of receiving deposits. The act first received construction by the Supreme Court of Illinois, in the case of the Meadowcroft Brothers, filed at Ottawa on March 28, 1896, in which Charles J. and Frank C. Meadowcroft were tried because of losses sustained in their bank which failed in Cook County in 1893. The court then held that a banker was presumed to know

at the time of receiving the deposit whether or not he or the bank was solvent, and that the deposit was "lost" to the depositor, within the meaning of the statute, when by reason of the insolvency he was deprived of his contract right to have the money refunded on demand or paid out on his checks. The object of the statute, it was said, was to protect the public from being induced to deposit money with insolvent bankers, and that as the business of banking was concerned with public interest, it was subject to regulation within the general police powers of the state.

In the following eight years after the rendition of this decision, several bankers connected with failed state banks were prosecuted under this act. Cases which by reason of their importance engaged public attention and were carried to the higher courts, were those of Charles S. Spalding, president of the Globe Savings Bank, who was charged with dissipating several hundred thousand dollars of University of Illinois funds; Edward S. Dreyer of the banking firm composed of himself and Robert Berger; and William A. Paulsen, president of the Central Trust and Savings Bank. Because of the amounts involved, prominence of the participants, penitentiary sentences, and their resort to every conceivable technicality of the law to prevent conviction and enforcement of sentences, the prosecutions of these three attracted much public attention.

Spalding was convicted in 1898 under an indictment for embezzling and converting to his own use some twenty-eight thousand dollars of bonds which came into his possession as treasurer of the University of Illinois. In need of funds for his personal use, he had borrowed twenty-five thousand and pledged the bonds of the University as collateral. At the time the Globe Savings Bank, of which Spalding was president, became insolvent, the note was still unpaid, and the collateral in possession of the holder of the note. Spalding, as treasurer of the University, was held to be a public officer charged with a public trust in receiving, holding, and disposing of public funds and property and was, therefore, liable to punishment under the act under which he was indicted. He was further made chargeable with criminal intent, provided the acts with which he was charged were fraudulently done.

Dreyer was prosecuted for failure to return upon demand of his successor in office as treasurer of the West Chicago Park Commissioners, $316,000 of its funds. When this money had come into his hands as treasurer of the park commissioners, it was first deposited

in his own bank, under his own name as treasurer, which under the state law he was permitted to do. About that time the affairs of the bank became exceedingly bad and Dreyer, in the hope of assisting the institution, transferred the funds belonging to the West Chicago Park Commissioners to his personal account. Consequently, when the Dreyer & Company failure came, all of this money was lost, as it was used to pay obligations of the banking firm. The case was tried three times in the lower court, heard twice in the Supreme Court of Illinois, and under different forms went twice to the United States Supreme Court. The conviction ultimately stood and Dreyer served a term in the penitentiary.

Meantime, while Dreyer was being tried for the mismanagement of the funds of the West Chicago Park Commissioners, his partner, Berger, was prosecuted on the charge of having received deposits after the bank had become insolvent. Berger likewise was found guilty and his sentence, which called for a fine only, was not appealed.

One of the defenses made by Dreyer was that, inasmuch as he had been required under the law to account for interest as a custodian of public funds on the daily balances from time to time in his custody, he had become technically owner of the funds and was liable only civilly on his bond. This contention was held by the courts to be without foundation. Before his conviction he sought unsuccessfully to secure release by a writ of *habeas corpus* in the Federal Court, but this was denied and the ruling against him was unsuccessfully carried to the Supreme Court of the United States.

The Paulsen case was particularly interesting in that it brought out a situation in which a convicted man was able to secure his freedom on the ground that the law under which he had been convicted was amended after a decision had been reached in his case.

Back in 1891 the firm of Paulsen and Sparre, then engaged in the real estate or some allied business, and the Western Trust and Savings Bank of Chicago, decided to consolidate and incorporate as the Central Trust and Savings Bank. The new institution was incorporated under state laws with a capital stock of the two hundred thousand dollars required by the state banking law for such an institution doing business in the city of Chicago. All of this stock was subscribed to by those who held an interest in either of the merging institutions, and all contributing were assured that the subscriptions

were not to be paid in cash, but in the assets of the two companies thus being merged.

Those responsible for the undertaking, however, were well aware that the state law required all capital stock to be paid in cash and, knowing that the auditor of public accounts would require cash before issuing a charter, they made an arrangement with the Atlas National Bank of Chicago whereby that bank would place the necessary two hundred thousand dollars in the vaults of the new Central Trust and Savings Bank, to remain there ostensibly as money belonging to the new bank until after the auditor had made his examination. In conformance with this arrangement, the Atlas National Bank put the required cash into the hands of one of its detectives and thus transferred it to the vaults of the new institution, keeping it always under guard of its own man, and removing it from the vaults of the Central Trust and Savings Bank just as soon as it had been displayed to the auditor as money received in payment of stock subscriptions and the charter ordered issued.

Thereafter, that which the Central Trust and Savings Bank listed as "cash assets" in its reports, consisted of a number of notes and other paper accumulated by the two previous organizations, most of which was non-liquid paper or uncollectable notes. On the very first quarterly examination made by the auditor, some thirty thousand dollars of the bank's assets were rejected as insufficient or worthless, and Paulsen then admitted that some sixty-five hundred dollars had never been paid or collected while the notes representing this amount were nevertheless being carried as cash assets of the bank.

On March 2, 1896, the Central Trust and Savings Bank made an assignment for the benefit of its creditors. William A. Paulsen was then president of the bank, to which position he had succeeded about December, 1894, and prior to which time he had been prominent in the control of the bank's affairs. Liquidation resulted in the payment of seventeen cents on the dollar to depositors. Later it developed that on several occasions previously the bank had been forced to borrow funds in order to meet the demands of its depositors and also to buy out a few of those stockholders who had begun to suspect the state of affairs and were therefore apt to make trouble for the bank in its relation to its depositors. The following October the case came up on the ground that deposits had been accepted when the bank was not solvent, but no settlement was made and the case

dragged on until Charles S. Deneen came into office as state's attorney for Cook County and determined to clean it off the docket.

As the case then stood, under the law Paulsen could be fined double the amount of the claim of the depositor who had brought the suit against him, thus ending the matter with a fine of some three hundred dollars, for although there were many charges against Paulsen, the one under consideration involved a loss of only approximately one hundred and fifty dollars. Assistant State's Attorney Albert C. Barnes, who was assigned to the case, suggested to Paulsen that he take advantage of this technicality, plead guilty, and thus get off with nothing more than the small fine. Paulsen, however, refused to take this advice and said he would stand trial. He asked, however, that trial by jury be waived, which Attorney Barnes granted.

When the case went to court, Attorney Barnes made out a *prima facie* case on the basis of having accepted deposits when the bank was insolvent. It will be recalled that the law did not yet specify that the banker must realize that his bank was insolvent at the time. Greatly to the surprise of the attorney, Paulsen, in testifying on his own behalf, insisted that all the securities he was carrying as cash and which were actually valueless had been worth the amount at which he had been carrying them and could have been sold at that amount except for the mismanagement of the receiver in charge. The attorney in view of Paulsen's previous admissions, promptly asked for and was granted a postponement of the trial until such time as he might look into the situation.

When access was had to the books of the failed bank it was discovered that there was no stock account. One of the bank's bookkeepers was summoned and asked where that account was kept. He gave the surprising information that there never had been any such account; thereupon it was definitely established that there never had been any capital stock, except the notes and securities which it was contended had been valueless. Various devices had been resorted to from time to time to conceal from the bank examiners the worthless character of these securities and the condition of the bank. On one occasion, to prevent disclosure of its true condition, a fictitious draft on a company in London for $38,500 was reported as a cash item to the state auditor and, after having served its purpose, was withdrawn as an item of the resources of the bank.

This discovery made it illegal to conduct the trial without a jury,

so a new trial under a new judge was secured, the evidence heard, and Paulsen found guilty and sentenced to a small fine and an indeterminate period of confinement in the state penitentiary at Joliet.

By the time the case was completed, it was February of 1902, and only a year and a quarter later the law was amended to require that a banker must know his bank to be insolvent at the time he received deposits in order to become liable for punishment for embezzlement. Consequently, although Paulsen's conviction had been sustained by both the Supreme Court of Illinois and by the dismissal of his appeal to the United States Supreme Court, he obtained his discharge through a writ of *habeas corpus* secured before a judge in another part of the state on the claim that as the act had been amended since his conviction, the conviction was invalid. Under the provisions of the law, the people were afforded no right to a review of the decision and so Paulsen obtained his freedom in 1903, after having actually served only some six months in the penitentiary on proved criminal undertakings dating back to 1891, and after having had his case in the courts for about six years.

The points made on the review of these cases in the higher courts involved many legal technicalities, more of them, however, relating to criminal procedure than to construction of the acts of the legislature under which they were indicted. This was also true of the more prominent cases subsequently prosecuted under this act. Such was the Paisley case which gained widespread interest, not because it had any bearing on the construction of the act, but rather because of the amount of money involved and the criminal methods employed in arriving at that loss which the trial revealed.

William H., Oliver F., and James T. Paisley opened a private bank, called the Edgewater Bank, in Chicago in 1908, and conducted it as such until 1914 when it was reorganized as a state institution. Thereafter the Paisleys continued in control only for the space of seven or eight months, as the state auditor was not satisfied with their management. Thereupon the Paisleys organized a second private bank, called the Summerdale Savings Bank, and in July, 1915, another, the North Shore Savings Bank, in the location of the old Edgewater State Bank which had meantime been moved. About a year later a branch of the North Shore Savings Bank was opened which survived just six weeks. On September 19, 1916, the Paisleys voluntarily closed the doors of all their banks and the following October were charged with having received deposits when insolvent.

At the time of the crash total assets in the possession of these men amounted to $73,658.55, while total liabilities were $498,095.31 of which amount $256,345.13 was due depositors. The trial showed that the Paisleys had been insolvent in 1914, when they were required to surrender control of the Edgewater State Bank, and in 1915, when they organized the North Shore Savings Bank, and that they were barely able to keep their doors open when they organized the branch of that bank just six weeks before going into bankruptcy. Needless to say, large amounts of money were lost in this crash, and it was found that much of the trouble had been due to the fact that the Paisley brothers had been extremely indiscreet in choosing the firms and individuals to whom loans were made and consequently vast sums were put into the hands of bankrupts. It was on this account that the case excited great attention and will be long remembered by people living in and near Chicago at the time. This case, however, is only typical of a number of others, all of which are of some historical interest because they represent occurrences in the banking community, but none of which have any very definite bearing on the development of banking law.

In this respect the Lorimer case, which has been amply described elsewhere in this volume, was similar to that of the Paisleys. However, in the trial of Munday, who was the business head of the Lorimer banks, it was definitely established that knowledge of insolvency was no longer necessary to constitute the offense, nor was fraudulent intent required. Only the fact of insolvency was essential to constitute the offense and that must be proved.

It might also be mentioned at this point that the Meadowcroft case had shown that loss of the entire deposit was not essential to complete the offense. So long as any amount was lost, the law could be applied.

It is probable that recollections of the catastrophies precipitated by criminal banking, such as that undertaken by men who disregard the necessity of capital, were in large part responsible for the changes in banking law submitted to the people of Illinois in November, 1924. One of these changes was designed to prevent the wholesale establishment of branch banks on the limited capital of one main institution. This amendment was prepared by the Chicago and Cook County Bankers' Association and introduced into the house of representatives at its request. It was made to read: "No bank shall establish or maintain more than one banking house or receive depos-

its or pay checks at any other place than such house; and no banks shall establish or maintain any branch bank, branch office, or additional office or agency for the purpose of conducting any of its business."

A second amendment, approved by the people at the same election, was drawn up by State Auditor Andrew W. Russel and endorsed by the Chicago and Cook County Bankers' Association. It made difficult the securing of bank charters by increasing the number of persons required to sign the application from five to twenty-five, depending on the size of the town in which it was proposed to locate the new bank. In addition, it was now required that financial statements of each of the signers accompany every application for a bank charter and that before the charter be issued each subscriber to the new bank's capital stock must furnish the auditor with an affidavit stating that he is the owner of property in his own right, clear of all indebtedness, having a market value at least equal to the par amount of the stock to which he has subscribed. In this way it was hoped that there might be assured a more responsible class of stockholders and that it would, in the future, become less difficult to collect assessments in the event that the bank might become financially involved.

In addition to throwing these safeguards about the guaranty of capital for any new banks which might open for business in Illinois, capital requirements were raised to figures deemed large enough to put banking in Illinois on a high level of protection. Under the amendment the new minimum for banks in cities of fifty thousand or more was placed at two hundred thousand dollars, while downstate banks in smaller communities were required to have twenty-five thousand dollars in capital before they might enter upon business.

Thus, through the efforts of the state legislature and the courts, the banks of the state of Illinois are rapidly finding it impossible to exist unless they are founded upon an extremely sound basis, and that state which at the time of the Civil war was openly commented upon as having the worst banking system in the country, and which in comparatively recent years drew the unfavorable attention of the nation to its outrageous system of private banking institutions, is rapidly reaching a point where its banks will be models of a standard everywhere approved.

CHAPTER XXXIV

MEN—DEVELOPERS OF FINANCIAL ILLINOIS

Gurdon S. Hubbard—Alexander Mitchell—William F. Coolbaugh—Solomon A. Smith—Samuel M. Nickerson—Lyman J. Gage—James B. Forgan—Byron L. Smith—John J. Mitchell—William H. Mitchell—Levi Z. Leiter—Marshall Field—Samuel W. Allerton—Norman B. Ream—Edward F. Swift—Edward Morris—Philip D. Armour—Cyrus Hall McCormick—George M. Pullman—James Laurence Laughlin.

It is fitting that the history of banking in Illinois should contain some record of the personalities which played an important part in its upbuilding. Those men who deserve such mention readily divide themselves into two distinct groups—bankers, and men who devoted themselves to the upbuilding of trade and commerce.

Gurdon S. Hubbard was the first of the former group to establish himself in Chicago. Born in Windsor, Vermont, in August, 1802, he spent his early youth acquiring a knowledge of trade for which he showed a remarkable aptitude. As a boy he established himself in the poultry business between northern Vermont and Canada and in this way, even though handicapped by having no capital and no influential friends, he managed to make a good living. When he was sixteen Mr. Hubbard bound himself for a period of five years to an agent of the American Fur Company and with him went into the wilds of the great northwest territory. These journeys soon led to Illinois. It is believed that as early as November, 1818, he arrived at Fort Dearborn, but Mr. Hubbard, bound by his contract and a salary of one hundred and twenty dollars a year, was not yet free to remain on the site of the city whose first banker he was destined to become. Instead, he was required to push on into the interior where for a number of years he plied his trade over a wide territory.

In 1821 Mr. Hubbard again visited Chicago and thereafter had so many business transactions with the people of the settlement as to become well and favorably known among them. He remained with the American Fur Company for two years after his contract had

expired and succeeded in accumulating enough money so that by 1827 he was in a position to purchase the company's franchises and good will. Then he fitted out a caravan consisting of nearly fifty ponies which he bought from the Indians and established trading posts at intervals of thirty to fifty miles between Chicago and the Wabash country. These, in time, marked the only well traveled road in that section and it was known as "Hubbard's Trail."

For a number of years Mr. Hubbard made Danville his headquarters and lived there. Then, as settlements appeared along his trail, the trade with the Indians rapidly decreased and, one after another, the trading posts were abandoned. In 1833 the Indian title was extinguished and it was required that within the following two years the Indians leave that section of the country. Then Mr. Hubbard completely abandoned his trading posts and became a permanent resident of Chicago. He moved to the city in 1834, spent the next twenty years as the most prominent merchant, and established one of the largest shipping, commission, packing and forwarding trades in the city. So highly respected was Mr. Hubbard that he held practically every post of honor and trust that the citizens could give him.

In 1829, some years before making Chicago his permanent home, Mr. Hubbard participated in the first sale of canal lots; he purchased two, one on the northwest corner of Lake and La Salle streets, and the other on the southwest corner of La Salle and South Water streets. These were eighty by one hundred feet in size. He paid a price of $33.33 each for them. Even by 1836 these same lots would have found ready purchasers at one hundred thousand dollars. Mr. Hubbard disposed of his holdings a bit at a time and in the aggregate realized eighty thousand dollars on an investment of but $66.66.

We have said that Gurdon S. Hubbard was Chicago's first banker which, indeed, was the case. Considering his many enterprises, it is doubtless true that had banks, as we now know the term, been applicable to conditions in those early pioneer days, Mr. Hubbard would in all probability have established a formal banking institution. Since this was not feasible, he did the type of banking most useful at the time. By establishing a strong line of credit in the east, he was able to accommodate merchants of Chicago, providing them with the only then existing means of settling financial transactions with other sections of the country.

Elsewhere in this volume there has been given a full account of

the activities of George Smith, who was the first banker to give a stable and reliable currency to the country in and about Illinois. In this valuable undertaking George Smith had closely associated with him a man from his own section of Scotland named Alexander Mitchell. Mitchell was born on a farm near Aberdeen in 1817. His only education had been obtained at one of the common schools of his native parish, but that included a thorough knowledge of all the usual branches as well as higher mathematics. For a time he worked in an advocate's office in Aberdeen and then in a bank in Peterhead. In 1839, while he was with the bank, George Smith persuaded him to come to America to handle the Milwaukee end of the Wisconsin Marine and Fire Insurance Company through the branch office of which Smith operated in Chicago. Alexander Mitchell amply proved the soundness of George Smith's judgment of men. His great natural ability and far-seeing shrewdness were a great acquisition to the growing middle west. He was thoroughly public-spirited, but in no sense was he a politician, although he did serve two terms in Congress where he distinguished himself by the stand he took for sound financial measures.

After the introduction of national banks removed all need for "Smith's" or "Mitchell's" notes, as they were variously known, George Smith sold out his interests in Chicago and the surrounding territory and returned to Scotland. Alexander Mitchell, on the other hand, continued to develop the Wisconsin Marine and Fire Insurance Company, first making it conform with the laws of the State of Wisconsin and later incorporating it as a national bank until, even to the present time, long years after his death, the institution continues to hold a prominent position in its community and maintains the reputation for stability and conservatism which Mitchell and Smith inculcated in it during pioneer days.

In line with his talent for business together with his enthusiasm for community development, Alexander Mitchell developed many enterprises in addition to his bank. At the time of his death, April 19, 1886, he was president of the Chicago, Milwaukee and St. Paul Railway and of the Northwestern National Insurance Company. In fact it was he who organized the Chicago, Milwaukee and St. Paul Railway Company. Prior to the panic of 1857 there had existed in the territory tributary to Wisconsin and Illinois a large number of small railroads. Many of these fell into difficulties during the panic and Mitchell in his capacity as banker was of great assistance in pre-

serving them. Following the panic he consolidated a number of these small roads into the system which shortly became one of the most prominent in the country and which, even at the time of his death, had more miles of track than any other railroad in the world. Similarly the insurance company rapidly developed to national proportions.

Banking on a notable scale has developed so recently in this section of the country that many of its pioneers either still live or are well remembered by men who are comparatively young. Among those whom many recall, is William F. Coolbaugh, President of the Union National Bank of Chicago, and a man whom, it is said, everybody liked.

Mr. Coolbaugh was born in Pennsylvania in 1821 and attended school in that state until he reached the age of twelve. He then went to work as a porter in a dry goods establishment in Philadelphia and in time became manager of the firm's business in the western and southwestern country. In 1842, determined to go into business for himself, he settled in Burlington, Iowa, where he conducted a mercantile business for eight years. In 1850 he started the banking house of Coolbaugh and Brooks and was thereafter appointed Loan Agent for the State of Iowa in which capacity he negotiated the first loan Iowa ever made and issued the first bonds of that state.

In 1862 Mr. Coolbaugh moved to Chicago where he established the banking house of W. F. Coolbaugh and Company which, in 1865, was merged with the Union National Bank with a capital of five hundred thousand dollars. He established his home at Twenty-third Street and Calumet Avenue and there raised a large and harmonious family. It was a very usual sight to find Mr. Coolbaugh driving his family about the city, for his children received the same intense and careful attention he gave his business.

When General Philip Sheridan moved his department of the Army from headquarters in St. Louis to Chicago, a number of Chicago's most prominent business men got together and presented him with a beautifully furnished home at Michigan Avenue and Eighteenth Street. Mr. Coolbaugh, who was a close friend of the General, was prominent in this and, because of the close companionship existing between the two men, General Sheridan rented an office in the Union Bank Building on the corner of La Salle and Washington streets. Thereafter it was said that the General's whereabouts was always certain under given circumstances. Every day at the same

hour he might be seen driving down to his office in an army ambulance drawn by four mules and driven by two uniformed soldiers. After banking hours, each day, he might just as certainly be found in the office of Mr. Coolbaugh where the two good friends would while away the remainder of the afternoon. The General's fondness for the banker, it was frequently said, was only indicative of the feeling held generally for these two great men.

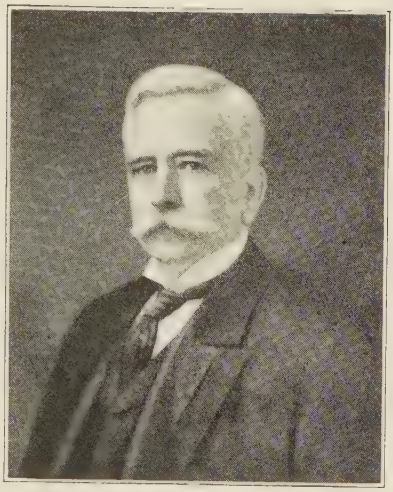
For years Mr. Coolbaugh's bank—the Union National—held undisputed claim to first place among banks of Chicago. Eventually, however, the First National Bank, under the presidency of Lyman J. Gage, so increased its deposits as to outstrip the Union National which fact so deeply humiliated Mr. Coolbaugh that, in spite of an exceedingly happy family life and countless friends, he felt so unbearably humiliated by the loss of prestige of his institution as to take his own life.

A story is told of Mr. Coolbaugh during the panic of 1873 when the Union National Bank was still the largest in Chicago. It seems that the County Treasurer then carried a large balance in Mr. Coolbaugh's bank which, in the midst of the panic, he threatened to withdraw. Mr. Coolbaugh first tried to dissuade him, but as the Treasurer remained obstinate and it seemed certain that he was prepared to withdraw almost one and one-half million dollars, Mr. Coolbaugh said: "If you attempt to withdraw that much money from my bank, I'll close the bank. Money is too tight to permit so large a withdrawal at one time." Still the Treasurer was not to be turned aside, so the banker made good his threat.

This occurred in September, 1873, on the very day on which the old Exposition Building, occupying the site to the north of the Art Institute of Chicago, was dedicated. Mr. Coolbaugh was president of the dedication ceremonies which were extremely elaborate and the whole city marveled at the calm manner in which he conducted the opening of the Exposition Building when, but a few hours before he had found it necessary to close the doors of his bank.

Contemporary with William F. Coolbaugh, but lacking his talent for making friends, was Solomon A. Smith. He was born at Southward, Massachusetts, in 1815 where, after finishing a common school education, he joined his father in the manufacture of powder. On his trips made to sell the explosive, Mr. Smith became convinced of the opportunities in the growing west and therefore decided to settle in Chicago. He soon acquired an interest in what later became one of

ORSON SMITH



MARSHALL FIELD

NORMAN B. REAM

PHILIP D. ARMOUR

the largest powder manufacturing concerns in the country and as a result of this business moved to Chicago in 1840. Twenty years later, when an effort was being made to extract the country from its many banking difficulties, "Sol" Smith, as he was then called, became one of the original incorporators of the Merchant's Loan and Trust Company and was called upon to act as president of the institution. In addition to banking troubles which were being experienced in Illinois at the time, further difficulties were being encountered because of the economic effect of the election of President Lincoln. Bank suspensions were occurring daily and money values changed even more often. Nevertheless, Mr. Smith managed to infuse life into his bank under these trying conditions, carried it safely through the years of trial that came with the Civil war and is deserving of much credit for the proportions to which its business ultimately extended.

Orson Smith is another well remembered figure. His modesty prevented a general appreciation of his great importance to financial Chicago. He accomplished little that was spectacular and the art of publicity has preserved but few records of his accomplishments. Mr. Smith, born in 1841, began his business life at the age of thirteen as a "bundle boy" in Potter Palmer's retail dry goods store. At fourteen he began his banking career by entering the banking house of F. Granger Adams, later to become the Trader's Bank, as a clerk. In 1870 he became Cashier of the Corn Exchange National Bank, which position he retained until 1881 when he joined the Merchant's Loan and Trust Company of which institution he became the president in 1898. Inconspicuous as were his dealings, Orson Smith is to be classed among the greatest bankers Chicago has produced. It was his belief that to be a good banker one must adhere close to the banking business and on that account he never permitted himself to be affiliated with any other business enterprise. He was, however, generous with time, money and energy when it came to civic development. The work of the Chicago Historical Society particularly interested him and, proud of his long residence in the city, he became an authority on historic Chicago. Charitable and other institutions also received his attention, but in business he never turned aside from the affairs of his bank.

The First National Bank of Chicago, which is one of the oldest and has for many years been among the largest in the city, has produced a number of men who have contributed generously to the financial history of the country. Among the first of these was

Samuel M. Nickerson, who for many years served as the bank's president, and who was known as one of the most capable bankers of the middle west.

Samuel M. Nickerson was born in Massachusetts in 1830. At seventeen he became convinced that the south offered unusual advantages, so went to Florida where for three years he worked in a general store owned by his brother. Then he believed himself capable of going into business for himself, borrowed the necessary capital and set up a store of his own. This venture struggled on for some years and then was destroyed by fire at a time when there was some outstanding indebtedness. Such claims as were held against Mr. Nickerson were immediately compromised and he was technically freed from all further obligations. However, he was not to be satisfied with such an incomplete settlement, but went to work and within a few years had become sufficiently prosperous to be able to pay each of his former creditors all that still remained due them.

In 1858 Mr. Nickerson came to Chicago, borrowing the necessary funds for the trip, and set about distilling high wines and alcohol. This venture proved to be so remunerative that shortly he was able to turn his attention to other businesses as well and in 1862 became an ardent promoter of the proposed First National Bank. Not only did he subscribe liberally to the stock of the new institution, but gave his able assistance to its organization. He was elected to the first board of directors, chosen a vice-president, and in 1867, upon the death of President Aiken, was chosen to fill the vacant post. For the next twenty-four years he served in this position, resigning in 1891 and called back again in 1897. In 1900 he again resigned and went to New York to live.

In addition to the distilling business, Mr. Nickerson engaged in many others. He was at one time president of the Chicago City Horse Railroad Company, and was actively engaged in a number of other commercial, railway and financial enterprises. In 1867 he was the chief force in the organization of the Union Stock Yards National Bank, since known as the National Live Stock Bank, and for six years served as its president as well as holding a similar position with the First National Bank.

For recreation outside of business circles, Mr. Nickerson and his wife took an active interest in art. They made an exceedingly fine collection of paintings representing the best masters, which, upon their departure from the city was donated to the Art Institute along

with an excellent collection of paintings, engravings, Chinese and Japanese porcelain, jades and lacquers, ivory carvings, arms and many other artistic objects. Much of Mr. Nickerson's personality also was devoted to the Art Institute of which he was a director for many years.

After leaving Chicago Samuel M. Nickerson continued to serve on the Board of Directors of the First National Bank until 1905 when he severed this tie that had for so long bound him to the city. Thereafter he continued to live in the east until the time of his death, July 20, 1914.

Lyman J. Gage, who followed Samuel M. Nickerson as president of the First National Bank of Chicago, was likewise a very capable and prominent banker. He was born in New York in 1836 and at the age of fourteen obtained a position as clerk in the post office in Rome, New York. In this position he remained for three years and then at the age of seventeen began his long banking career by entering upon a clerkship in the Oneida Central Bank of the same city. His first position paid him one hundred dollars a year, but in his subsequent career he quickly proved himself worthy of a far more attractive remuneration. At nineteen Mr. Gage decided to join those seeking their fortunes in the west and arrived in Chicago in 1855 with so little money that he was compelled to take whatever work presented itself. For a time he worked in a lumber yard at Adams and Canal streets, but in the panic of 1858 he lost this position and spent a time serving as a night watchman. Next he secured a position as bookkeeper for the Merchants' Loan and Trust Company at a salary of five hundred dollars a year. One year later, in 1859, he was promoted to the place of paying teller at twelve hundred dollars; in 1860 he was made assistant cashier; and in 1861 he was made cashier, which position he held until 1868, during which year he was offered the position of cashier in the First National Bank.

At the First National Bank Mr. Gage remained for the next twenty-nine years, advancing from cashier to vice-president, and then to position of president, which he later resigned to accept the post of Secretary of the United States Treasury. For five years thereafter he managed the financial affairs of the government with success and distinction.

Another place in which Lyman J. Gage distinguished himself was in connection with the staging of the World's Columbian Expo-

sition in Chicago in 1892 and 1893. It was he who helped organize various committees and who did as much as any one man could to make certain the raising of ten million dollars pledged to secure the Fair for Chicago. He was unanimously elected first president of the board of directors for the Exposition and when he later resigned that position, he continued to play an important part in making the undertaking a success.

Mr. Gage was prominent in social and art circles in Chicago. For many years he was treasurer of the Art Institute, president of the Commercial Club and a member of the Chicago Club.

It is said that Mr. Gage was as shrewd in the matter of handling human nature as in that of producing business for his bank. This was brought out during the panic of 1893 when things in general were looking pretty dark and the First National Bank had found it necessary to charge off a million dollars on each of two large accounts. When these two failures occurred there were people who suspected that the First National Bank might have stood heavy losses and, although efforts were made to quiet any such rumors, the news spread with such rapidity that the bank was besieged by reporters seeking the story and depositors desiring to make withdrawals. Realizing that something must be done to save the bank from a run, Mr. Gage determined upon the course of showing no hesitancy in telling exactly what had happened. This proved to be extremely wise and, probably, the only plan that could have saved the bank in the emergency. Once people perceived that the bank's president was willing to admit a loss, it was natural to assume that the loss was not of as great consequence as had at first seemed and the matter soon was forgotten.

For some years after resigning his position as Secretary of the Treasury, Mr. Gage continued his banking career in New York City. Later he retired to California.

Lyman J. Gage's successor to the presidency of the First National Bank was similarly prominent in banking affairs of the community. So closely has the work of James B. Forgan been linked up with the development of financial history that frequent mention has been made of him in other sections of this volume. He was born in St. Andrews, Scotland, in 1852, and entered upon his banking career at the age of seventeen when he secured a position with the St. Andrews' branch of the Royal Bank of Scotland. Three years later he secured a position with the Bank of British North America in London, which institution sent him to Montreal, Canada. Thereafter he was employed

by a number of prominent banking institutions, both in the United States and Canada, always advancing his position, until in 1892 he had made so excellent a reputation for himself that Mr. Gage secured a vice-presidency for him at the First National Bank of Chicago. In 1897 when Mr. Gage resigned from the bank in order to take up his duties as Secretary of the Treasury, it was planned that Mr. Forgan should head the bank. Mr. Forgan, however, was then in poor health and therefore unable to undertake the responsibility, on which account ex-president Samuel M. Nickerson returned and acted as president of the bank for the next three years. In 1900 when Mr. Nickerson retired, Mr. Gage was able to assume the presidency, which position he held until 1916 when he was made chairman of the board of directors. In this capacity he remained with the First National Bank until the time of his death late in 1924. Meantime, he had for twenty-one years been chairman of the Clearing House Committee of Chicago and served for some time as a member of the board of directors of the Federal Reserve Bank of Chicago.

Because of a certain gruffness of manner which he carried, Mr. Forgan, unlike Mr. Gage, was not always appreciated to the full extent of his merits. However, many a man who believed he had reason to dislike Mr. Forgan, later came to understand that the banker was a very just man and one who should, after all, be regarded as a friend. The story is told of one of the employees of the bank to whom Mr. Forgan, in a fit of anger, made some extremely unkind remarks. Although the employee held only an inferior position, he so greatly resented what the president had said as to reply, "Mr. Forgan, there is no man whom I permit to talk to me as you have just done." Surprise over the courage of the young man led the banker not only to calm down, but to see the justice of his remark and shortly thereafter, that man who had had the courage to talk back was put in line for an officer's position.

The one man who is outstanding in the affairs of the Northern Trust Company is Byron L. Smith, who was a prominent factor in the organization of that institution and who acted as its president for many years. Prior to joining the Northern Trust Company, Mr. Smith was a vice-president of the Merchants Loan & Trust Company. Throughout his career he was also prominent in a great many important undertakings other than banking. He was a vice-president of the Chicago Telephone Company and a director in several of the more prominent railroad lines, among which were included the Chi-

cago and Northwestern and the Chicago, Milwaukee and St. Paul. At the same time he was likewise deeply interested in the affairs of the larger local transportation companies in the city of Chicago, and was known for his activities in connection with the Chicago Board of Trade, the Chicago Stock Exchange and the more widely known clubs of the city.

Chicago's oldest bank president in point of service is John J. Mitchell, who, at the age of twenty-six, advanced to the head of the Illinois Trust and Savings Bank, in which position he continued until 1923, when the bank was merged with two others to form the Illinois Merchants Trust Company, one of the largest State banking institutions in the country. Although Mr. Mitchell, who had then been president of the bank for forty-three years and was almost seventy years old, desired to retire at the time of the merger—and who, on that account, had been elected chairman of the board of directors—the death of Edmund D. Hulbert of the Merchants Loan and Trust Company, the man selected to head the merged banks, left no course open for John J. Mitchell but to resume the presidency.

Mr. Mitchell has become nationally known and appreciated. In addition to his interests in Chicago's largest state bank, he is also a member of the board of directors of a number of banking and commercial organizations in various parts of the country. Among these are included the Chase National Bank of New York, the Pullman Company, International Harvester Company, Illinois Bell Telephone Company, Commonwealth Edison Company, Peoples Gas Light and Coke Company, the Mutual Life Insurance Company of New York, and the Art Institute of Chicago.

Another man who impressed his personality on banking in Chicago and who had much to do with the largest savings bank west of New York, was William H. Mitchell, father of John J. Mitchell. William H. Mitchell, after turning over the helm of the Illinois Trust and Savings Bank to the guidance of his son, continued to be actively interested in the institution's development and progress. He served until the time of his death as chairman of the bank's finance committee.

Although much of Chicago's financial strength has been due to the wise guidance of her most capable bankers, these men alone are not deserving of credit for the place Chicago has now assumed in the financial affairs of the nation. In the earlier days when Chicago and St. Louis were intense rivals, with St. Louis having somewhat the

SAMUEL M. NICKERSON

SAMUEL W. ALLERTON

CYRUS H. McCORMICK

advantage, it was certain of the merchants, rather than bankers of Chicago which made it possible for the city on the lake to push forward to first place. St. Louis had secured its position partly because it was the older city of the two, and partly because the Mississippi river afforded as adequate a highway as the great lakes could. The first man to take steps to change this was Levi Z. Leiter, who, together with Marshall Field, conducted the city's most prominent dry-goods establishment. It was then customary for merchants in St. Louis to do business on high interest rates and with infrequent turn-over. Mr. Leiter conceived the idea that more and better business could be produced by offering lower rates and discounting bills for quick payment and encouraging younger men to build up their businesses. As a result, he soon got money to turning every thirty, sixty or ninety days, while the old conservative element that would not follow his suggestion was forced to an extent to carry its business to St. Louis. The energetic and progressive younger men soon established themselves in Chicago and in time developed the city to the point where it became not only larger than St. Louis, but the most prominent city in the middle west.

Marshall Field, who for years was Levi Z. Leiter's partner in business, was in large part responsible for establishing the credit of Chicago. He was undoubtedly a super-business man. It is said that at times his credit was as great as that of the United States itself. Although Mr. Field did not engage directly in the banking business, his ability and credit were such that whenever a great catastrophe befell the banking world, its leaders immediately called in Marshall Field for advice, and, as a rule, his suggestions were carried out implicitly.

Marshall Field's genius was due in large part to the fact that he was able to get the best out of men and kept his employees and business associates among his best friends. Many a man preferred to work for Marshall Field on a small salary than for anyone else at a higher price. It was a well-known fact that Mr. Field never made the mistake of giving worth-while positions in his organizations to men from the outside. So far as possible his own faithful employees were promoted to the fullest extent of their own ability. Also he gave his own people an interest in the profits of his business, but never let the actual ownership outside his own control. It was a rule that as soon as a man had accumulated a fair sized fortune he was released from the Field organization, for Marshall Field contended that any

man who had a fortune of his own was unable to give his best interests to the affairs of Marshall Field.

Samuel W. Allerton and Norman B. Ream were prominent pioneers in the live stock business which was shortly to become an important contribution to the growth of the wealth of Chicago and the surrounding territory. Mr. Ream, in partnership with a man named Coffman, entered the live stock commission business in Chicago about 1870 and in time became connected with a number of other houses and amassed a sufficient fortune to become one of the largest operators on the Chicago Board of Trade. Samuel W. Allerton had from his early youth an ambition to become a stock dealer. At eighteen he began stock raising on his own account and at twenty-one had accumulated enough capital to purchase a stock farm in Piatt County, Illinois. Year by year he increased the amount of stock he raised and found a growing market for his product in the city of Chicago. He soon perceived the necessity of establishing suitable facilities in the city for handling his shipments, so opened an agency to which he consigned his live products. Next he started a packing house which eventually demanded more live stock than his farm in Illinois could produce, so he made connections with sources of supply throughout the west until he owned over forty thousand acres of land in Ohio, Illinois and Iowa and had established additional packing plants at St. Louis, Omaha, Kansas City, Pittsburgh, Baltimore, Philadelphia and Jersey City. It was largely through his personal energy that the Stock Yards of Chicago have been built up and, since when he began business scarcely a single establishment of the kind existed, stock yards throughout the country are largely a result of his initial efforts.

While he was occupied with the promotion of the cattle business, Mr. Allerton also developed as an influential leader in the world of finance. As his earnings from the cattle business increased, it became necessary for him to find some other source of permanent investment and this led him to take an interest in banking. Much of his attention was given to the First National Bank of Chicago in the foundation of which he played some part. Likewise, he purchased stock and became a director in a number of manufacturing and commercial enterprises in and about Chicago.

Once the Stock Yards got under way, Chicago became internationally famous for the contributions made to this industry by undertakings begun by Edward F. Swift, Edward Morris and Philip D. Armour. As their fortunes grew these men took an active interest in

banking and in time each contributed so much to certain groups of banks as to have these financial institutions popularly known as theirs. The Swift interests were thus prominent in the development of the Illinois Merchants Trust Company, the Fort Dearborn Banks, the Lake Shore Trust and Savings Bank and the Live Stock Exchange Bank. The Morris interests to a large extent financed certain south side institutions, among which were the Stock Yards Savings Bank, the Liberty Trust and Savings Bank and the Fidelity Savings Bank, located on the north side.

It is probable that throughout time the memory of Philip D. Armour in the city of Chicago will stand as much for the city's largest banking institution as for the enormous packing plants which his genius developed. It is probable, too, that Mr. Armour's affections were almost as closely tied to the affairs of the Continental and Commercial Banks as to those of Armour and Company. His dream of erecting the largest and finest bank building in the west, and one which should at the same time house the executive offices of his great packing companies, was eventually realized in the Continental and Commercial Bank Building, an edifice which adds much to the general attractions of La Salle Street, a thoroughfare acknowledged to be one of the most beautiful financial streets in the world. Unfortunately, however, this great building was not realized until after Mr. Armour's death, which occurred in 1901.

The Merchants Loan and Trust Company of Chicago was closely allied with the interests and names of Marshall Field, Cyrus Hall McCormick and George M. Pullman. McCormick was a Virginian who, before he became of age, had invented improvements in three different agricultural implements. By twenty-five he had made his first reaper, the first successful machine of its type that had up to that time been produced. In 1847 he came to Chicago where he entered upon the manufacture of his machines, building only seven hundred in 1848 and soon supplying the world. In 1851 he displayed his reaper at the World's Fair in London, where it was pronounced to be worth the whole show. It was claimed that this single machine brought an annual income of more than fifty-five million dollars to the United States and that it moved the line of civilization westward thirty miles each year. France officially told Mr. McCormick that he had done more for the cause of agriculture than any other living man. He was one of the organizers of the Merchants Loan and Trust Com-

pany, and continued to be a stockholder in the institution up to the time of his death in 1884.

George M. Pullman, who for more than fifteen years prior to his death in 1897 served as a director of the same institution, was the founder of the Pullman Palace Car Company, which was the first concern in the world to engage in the building of sleeping, hotel and palace cars. As a consequence, his name has become associated with luxurious travel the world over. As Mr. Pullman was an idealist as well as practical producer, he built the town of Pullman for his manufacturing plants in order that his workmen might be provided with model working and living conditions.

One person who became nationally known for his contributions to the development of the financial stability of the community and of the country as a whole, was engaged in neither banking nor any form of commerce. He was Professor James Laurence Laughlin of the University of Chicago. Dr. Laughlin came into great prominence in the city of his adoption during the free silver campaign when his advice was sought and he was made a member of the Indianapolis Monetary Commission. Prior to that time he had prepared a scheme of monetary reform for the government of San Domingo which was adopted. Subsequently he was made a member of the National Monetary Commission which made a world-wide investigation of financial plans preparatory to that reform which ultimately expressed itself in the Federal Reserve System.

Professor Laughlin was born at Deerfield, Ohio, in 1850. In 1892, at the time of the opening of the University of Chicago, he came to the city to join the faculty of the new institution and there he remained until 1916 when he retired. For more than thirty years he was editor of the Journal of Political Economy and he is the author of nearly twenty books on economic and banking subjects. His contributions to the development of a sound financial system have been, in many respects, far greater than those of the more popularly known bankers and business men of the country.

It is difficult to decide just where to discontinue a discussion of the men who have made outstanding contributions to the upbuilding of the great financial power of the nation's second financial city. Countless men have contributed generously to this development. Space, however, permits only the most outstanding to be recorded here.

CHAPTER XXXV

CURRENCY AND CREDIT

Early data difficult to secure—Panics traced to inelastic credit currency—Relations between business fluctuations and money rates—Necessity for shipping currency from one section to another—Stabilizing effect of National Bank Act—Currency and credit problems solved by the Federal Reserve System—Effect of bankers' acceptance market on credit—Illinois' stand for sound banking.

It is exceedingly difficult to make any comprehensive analysis of the earlier banking periods in Illinois. The history of banking in the state runs back approximately one hundred years. Up to the time of the Civil war period there was little authentic data of a statistical character or even scattered facts with a sufficient backing of authenticity for use in making comparisons or drawing conclusions regarding the economic effect of credit or money stringencies. Such lessons as can be gleaned from early experiences in midwest banking afford an opportunity only for the most casual and general analyses. This, to a large extent, held true for the Civil war period as well, but after that, as the system of national banks developed, there came into existence statistical information which still affords a sound basis for study.

Data at first were scattered and much of these were not comparable, but as time passed and the need for such information impressed itself upon bankers as well as upon comptrollers of the currency and other treasury officials, efforts were made to assemble material in a form which would make it available at least for analyses of the national banking system. Later, as the number of state banks increased even to the extent of surpassing that of national institutions, they began to contribute their share to general statistical information until within the last few years we have had comparatively satisfactory data on which to predicate a comprehensive study of the entire banking system.

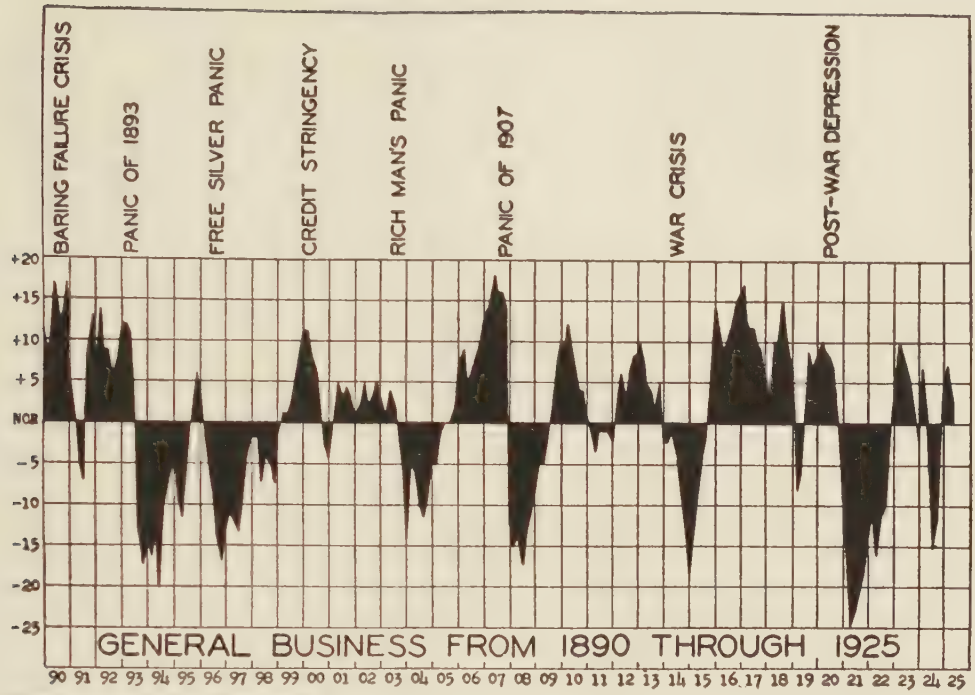
In this century of business and banking development, there have recurred with more or less frequency disturbances in business and

credit which have on many occasions resulted in panics with varying degrees of far-reaching and disastrous results. Many of these business disturbances or depressions and panics have been directly traceable not only to an obvious lack of credit, but also to the startling inelasticity of our credit currency. On frequent occasions, in order to tide business over and provide it with the necessary circulating media, it has become necessary to plunge the United States Treasury into debt through the offering of short-term treasury notes which might afford a basis for additional currency. This necessity arose conspicuously during the panics of 1872, 1893 and 1907.

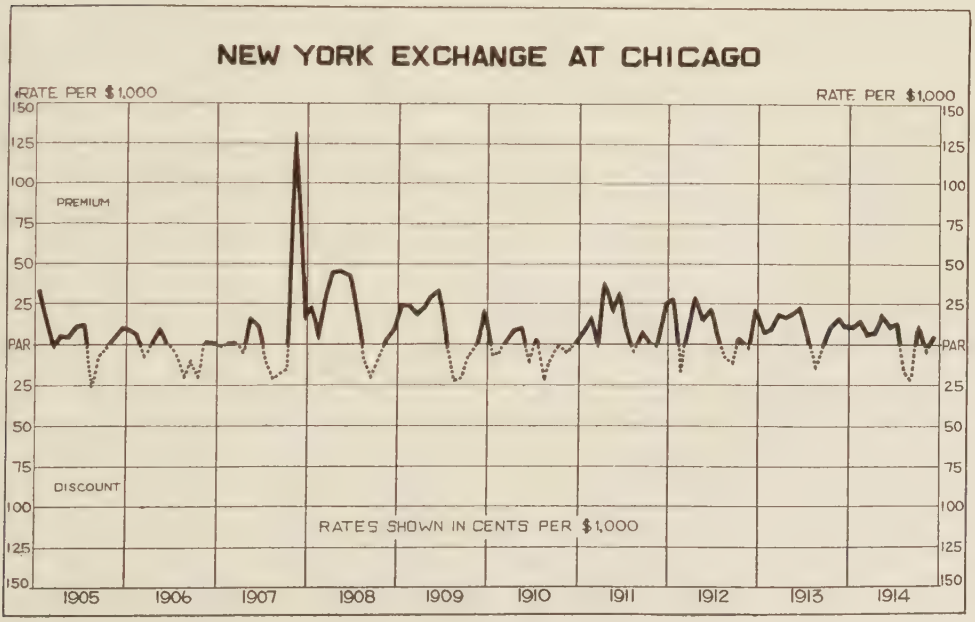
On this account, it is interesting, in summing up this history of banking in Illinois, to note the changes that have taken place in methods of doing business and the effect these changes have had on the general business and credit structure. Owing to the absence of authentic data and statistics during the earlier years, it becomes necessary to confine this feature of the study largely to the years following 1889. Reference to the accompanying charts reveals the major disturbances to business during this period and the parallel fluctuations in money rates. A careful study shows that prior to the year 1914 each disturbance recorded on the business chart not only is revealed on the money-rate chart by a similar general trend, but that the general trend was there arrived at through innumerable smaller fluctuations, always disturbing to the peace of commerce and often amounting to genuine panic. Many of these, as will be noted from the jagged outline of the curves, would occur in a single year, frequently greatly disturbing that line which might represent the average trend.

Following the Baring Brothers failure in London in 1890, which was sufficient to temporarily disturb the markets of the world, there was experienced in England no such panic as that which occurred in this country. The Bank of England was then in a position to meet the demand made upon the London market, whereas in America our banking system was unable to withstand the shock of credit strain; appreciating this situation, men conducting business in London retained their confidence, while in America no creditor felt certain that his debtors would meet their obligations. Consequently, credit everywhere in America was restricted, and with the banks unable to stand the shock, the country was plunged into panic.

Similarly, through occurrences which aroused apprehension in America, the panic of 1893 descended in a matter of hours and in



(From Acceptance Bulletin, July, 1925)



the midst of general business prosperity. Political controversy which became so widespread as to throw the country into the first and probably the most far-reaching economic political campaign that has ever taken place in the history of the republic, if not of the whole world, precipitated a condition of panic in 1896. This reached such proportions that during its progress it was felt even beyond the seas as gilt-edged American securities were sacrificed and thrown over by investors fearing an indefinite depreciation of this well-secured paper. The money chart interestingly records the ups and downs of the two factions involved in the so-called "free silver" campaign by a series of timid but nevertheless certain small fluctuations that followed upon the many losses and renewals of hope which occurred during the campaign.

The panic of 1903 seems to have been consequent upon nothing whatsoever, excepting the chronic lack of credit-currency elasticity. For the period of its duration needy firms and individuals paid their bankers as much as one-sixth of the amounts they borrowed for short-time accommodations. In 1907, on the other hand, panic was directly traceable to over-trading in speculative markets. It is singular, however, and significant of the lacking credit elasticity, that this panic like others which had preceded, developed in the midst of great prosperity. At the moment of its outbreak the country had more gold than any other nation in the world, but there was lacking proper machinery for bringing about its mobilization and a prompt distribution to areas in need.

As the chart shows, prior to 1914 there were few years during which the trend of money rates was steady enough to be dependable. Since that time, while on the whole money rates have traveled up and down along with the requirements of business, it is plain that the journey has been a comparatively smooth path and one undisturbed by violent minor fluctuations and panic. Recent experiences are still fresh in the business mind. The outbreak of the European war came as the finishing touches were being put on the Federal Reserve Act, but before it was ready to go into operation. As a result, it was the Aldrich-Vreeland Emergency Currency Act that afforded the first test of an effort to absorb the shock of business disturbances through a more elastic currency. Crude as the Aldrich-Vreeland Act was, it nevertheless tided the country over a period in which international markets were demoralized and the American money markets practically paralyzed by the outbreak of hostilities.

A few months later the Federal Reserve Act came into operation —a trying period indeed for testing out a new banking plan. Further tests were made when America entered the war and when United States troops were mobilized on European soil. The post-war inflation and the period of deflation that followed the sharp commodity market declines, resulting from the inability of Europe to buy and pay for our surplus farm products, brought another and still more severe test with the result that the violence experienced under far less trying conditions was avoided.

Each year prior to the establishment of the Federal Reserve banks there were experienced one or more periods of strain in the money markets. These tensions came always as a result of seasonal demands for currency to harvest and market crops and finance the feeding of livestock, while often they were the result of numerous other occurrences. In order to relieve this currency shortage, it became necessary to ship money to sections in great need and later when money became redundant it had to be shipped back again. This constant transfer of currency led to domestic exchange quotations. New York and Chicago exchange was quoted as regularly as was the discount rate. At times there was a "before clearings" rate and another "after clearings." One Chicago broker devoted a considerable amount of his time to this class of business, matching up currency needs and buying and selling New York-Chicago exchange. Just how those movements fluctuated is indicated by the following tables which show the maximum and minimum rates of each month.

Chicago Currency Receipts and Shipments

1907	Shipped to the Country	Received from the East	Other Receipts
January	$ 7,462,330	$ 1,170,000	$ 7,424,709
February	12,972,200	1,950,000	3,841,124
March	16,183,247	3,947,400	3,202,363
April	7,859,670	5,375,000	4,901,603
May	8,713,580	560,000	5,246,168
June	9,429,400	1,858,000	4,004,123
July	8,715,050	3,250,000	4,658,272
August	15,528,340	6,250,000	4,408,426
September	20,415,190	5,748,000	3,342,640
October	37,694,255	10,505,740	2,477,046
November	13,674,065	25,013,800	1,013,944
December	10,664,806	4,211,000	5,593,322

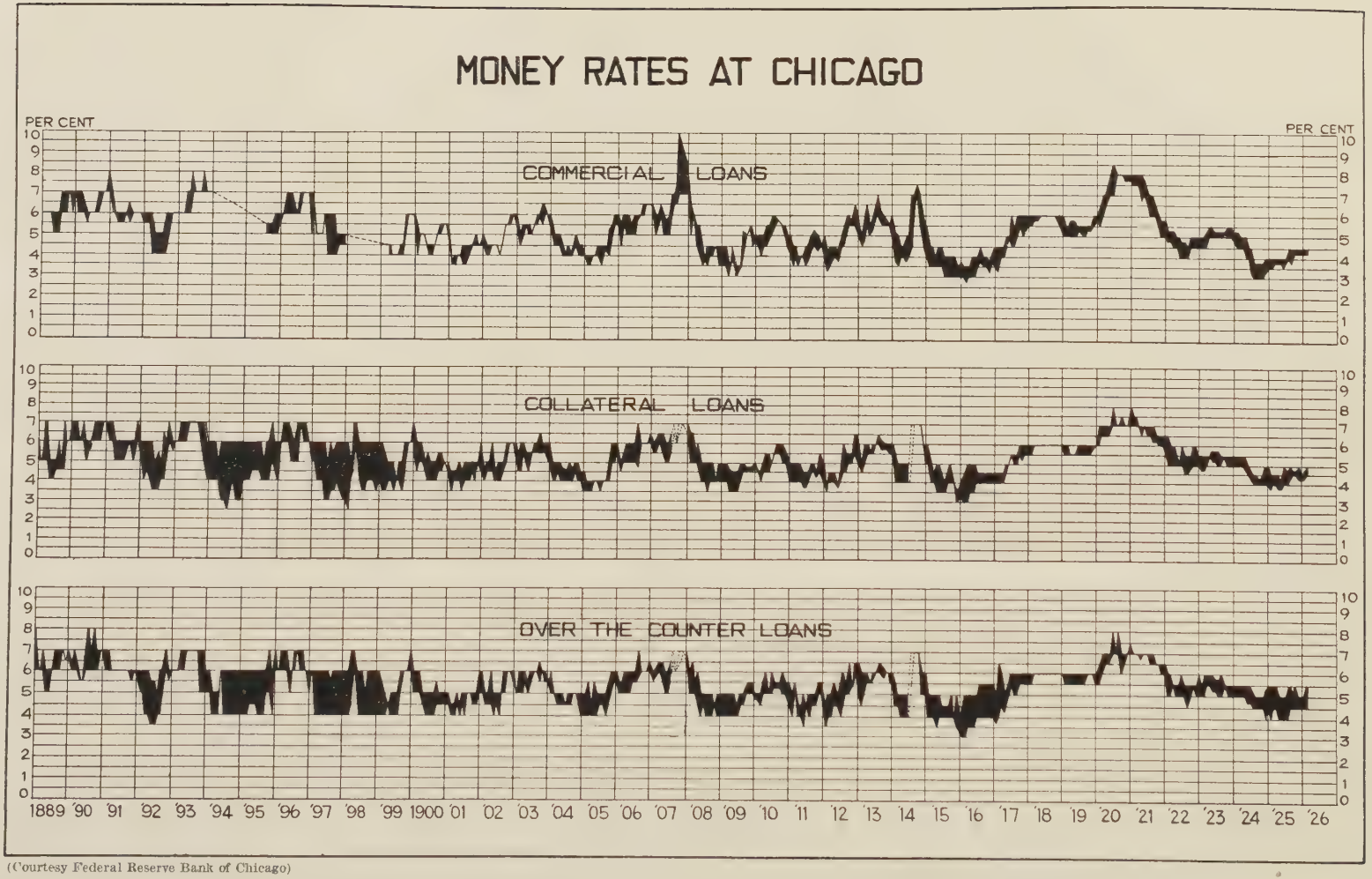
	Shipped to the Country	Received from the East	Other Receipts
1908			
January	$ 8,609,273	$ 475,000	$15,766,734
February	6,756,483	1,220,000	7,223,010
March	6,779,379	940,000	7,675,523
April	8,968,937	330,000	7,876,613
May	9,512,911	350,000	8,755,000
June	12,399,111	340,000	5,697,961
July	6,141,026	320,000	7,514,861
August	10,887,350	480,000	6,105,557
September	20,400,657	3,519,000	4,160,551
October	17,631,331	1,600,000	4,766,812
November	12,103,513	580,000	4,545,807
December	11,817,728	599,250	8,754,980
1909			
January	10,031,275	560,000	11,099,852
February	8,239,501	680,000	5,705,698
March	9,168,658	540,000	6,785,253
April	8,115,669	430,000	7,018,201
May	8,097,083	430,000	8,755,709
June	11,759,400	320,000	7,023,314
July	7,165,237	430,000	8,126,215
August	10,506,029	2,660,000	4,721,667
September	22,445,232	3,120,000	5,082,069
October	22,343,628	6,729,500	8,714,300
November	14,498,479	6,050,000	5,335,513
December	14,667,529	450,000	6,492,700
1910			
January	7,381,731	510,000	9,227,645
February	8,012,275	3,780,000	5,794,892
March	12,597,943	1,680,000	5,502,549
April	11,616,406	650,000	7,098,728
May	7,854,869	430,000	8,189,239
June	8,846,054	2,080,000	6,064,857
July	9,267,374	1,030,000	7,981,234
August	13,249,701	4,130,000	7,017,396
September	17,639,315	3,330,000	6,334,512
October	22,084,301	1,580,000	5,797,885
November	12,175,474	1,498,000	7,055,182
December	13,376,606	1,783,000	6,102,173

	Shipped to the Country	Received from the East	Other Receipts
1911			
January	$ 6,414,060	$2,350,000	$13,877,328
February	7,425,288	624,500	6,011,928
March	8,793,135	2,854,000	8,072,796
April	13,183,049	194,000	8,357,099
May	8,082,113	214,000	8,802,723
June	11,895,581	210,000	7,511,924
July	7,550,903	1,248,000	7,283,350
August	12,819,965	2,500,000	5,565,479
September	19,239,489	5,257,000	5,008,440
October	15,982,979	1,755,000	6,515,805
November	11,801,273	367,000	5,739,091
December	19,609,193	176,000	7,972,855
1912			
January	10,854,069	.....	11,477,694
February	11,356,520	2,000,000	7,615,366
March	12,048,413	2,130,000	5,774,637
April	17,029,654	.....	7,742,439
May	10,573,466	.....	8,969,565
June	15,579,838	.....	7,821,184
July	13,094,445	.....	12,145,317
August	14,513,029	1,800,000	7,679,571
September	21,445,378	2,950,000	7,054,472
October	27,720,978	1,200,000	8,886,640
November	20,792,742	2,139,000	6,858,000
December	21,048,369	.....	10,455,744
1913			
January	8,975,210	500,000	17,181,959
February	13,129,398	.....	8,009,585
March	18,800,588	.....	8,162,654
April	12,872,176	850,000	13,536,370
May	10,765,483	.....	12,651,007
June	12,381,602	.....	9,072,647
July	11,102,028	2,000,000	11,422,280
August	14,846,329	4,400,000	8,650,139
September	17,531,691	3,800,000	6,558,378
October	19,977,610	.....	8,640,184
November	16,658,158	.....	8,432,046
December	16,959,457	2,050,000	10,056,519

1914	Shipped to the Country	Received from the East	Other Receipts
January	$ 7,682,744	$500,000	$21,496,745
February	7,869,495	.....	10,130,126
March	11,364,238	.....	10,590,015
April	17,373,690	.....	13,961,807
May	9,354,245	25,000	11,400,293
June	10,962,362	.....	11,698,932
July	9,436,162	.....	15,293,888
August	27,550,285	950,000	6,832,236
September	13,166,694	200,000	14,758,943
October	8,786,877	75,000	16,263,161
November	10,700,212	.....	10,330,021
December	12,889,269	.....	12,965,564

Thus it will be seen that in this respect, at least, the banking system of the United States was extremely primitive. The National Bank Act had, to be sure, accomplished something in the direction of stabilizing the trend of credit; prior to its enactment there were interest fluctuations of as much as twenty-five per cent in the space of a single year. After it had gone into effect these were materially reduced but still on some occasions changed as much as ten per cent or even more in times of stress.

With the development of the Federal Reserve System, however, this transfer of currency was revolutionized. Banks thereafter found it no longer necessary to ship money between large money centers but made transfer, when such was required, through the Federal Reserve Banks. Barriers which had formerly hindered a free movement of funds were removed. Check collections were made faster, safer and less expensive; transfers of collected funds were made without cost by telegraph; instead of requiring the shipment of currency, transfers now became nothing more than bookkeeping entries; banks ceased to be dependent upon the New York money market; the money markets of other cities grew in importance; and all this materially reduced the spread in interest rates and the seasonal and local tendency of credit to tighten. Thereafter any business man with good credit might be sure of funds for conducting necessary operations, nor was he required to pay abnormally high rates because he found it necessary to borrow at a particular time, for a longer rather than a shorter period, or because he lived in a western rather than an eastern center. At the same time the banker was assured of more continuous employment for his funds, at steadier rates throughout



(Courtesy Federal Reserve Bank of Chicago)

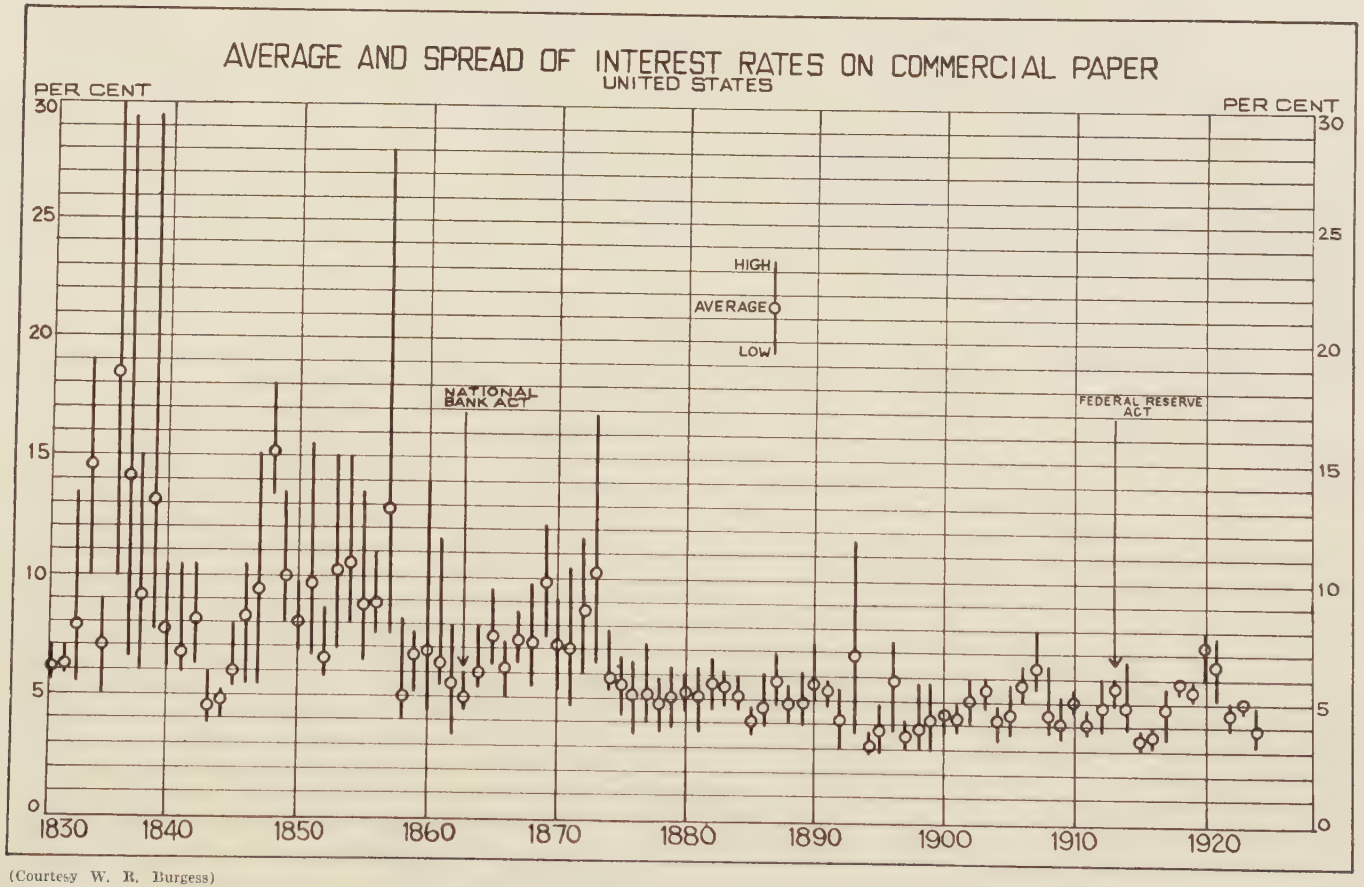
Note: Dotted lines indicate periods for which data is incomplete, unreliable or unobtainable

the year, and with greater confidence in the future, thus enabling him to adjust his interest payments and other expenses to his income and thereby provide the business of his community with better accommodations at steadier rates.

The immediate means for sympathetic expansion and contraction of currency supply in response to credit needs is provided by the issue and withdrawal of Federal Reserve notes. By means of their use, expansion and contraction can take place not only at crop moving time, when large demands on credit are made, but also on less noticeable occasions, such as seasons of tax payment, days when there is a heavy withdrawal for wages, holiday seasons, and occasions of less usual and regular occurrence. The abuse of this note-issue privilege is avoided, not only in the machinery described elsewhere in this volume whereby they are withdrawn from circulation with the payment of commercial indebtedness, but also by the limitation requiring each Federal Reserve Bank to return to the bank of issue all notes of districts other than its own. This constitutes a factor in restricting the shipment of currency between member banks. In other words, each Federal Reserve bank is required to take out of circulation the notes of all other Federal Reserve banks that come to it in the regular course of its business and is permitted to reissue only its own notes, thus keeping them always at home where they can be controlled in accordance with local business needs.

The after-the-war test showed conclusively that the United States was adequately provided with a banking system that could and did avoid credit disturbances even in times of severe strain. There was a time then when gold imports poured upon the country at the rate of between one and two million dollars a day. Never before in all history had such a gold movement occurred, and it was a well known fact that formerly far smaller gold movements had had a great influence on bank credit and prices. Economists the world over predicted that the United States was doomed to a period of great inflation of both credit and prices. No such thing, however, occurred, in spite of the fact that this country absorbed more than one and one-half billion dollars of gold between 1920 and 1925, an increase of more than sixty per cent in the country's total stock of gold.

At the time this gold started arriving, the banks of the country were heavily indebted to the Federal Reserve banks, and consequently much of the incoming gold was used by member banks to pay off these debts. Once the metal was lodged with the Federal Reserve



(Courtesy W. R. Burgess)

banks it could be put to work again only in the ordinary course of new borrowing, and conditions were not then such that much borrowing took place. Prior to 1914, on the other hand, bank loans and deposits rested directly on gold without the Federal Reserve note cushion between. Consequently, every loss or gain in gold supply immediately reacted on the credit structure which contracted or expanded in sympathy. Then there was a direct relation between gold supply and bank deposits. Now, however, bank deposits are based on Reserve bank loans plus gold stock, a difference which makes possible the meeting of emergencies without disastrous results.

Since 1914 there has also come into existence a means of breaking down the barriers between country districts and central money markets, a phase of credit adjustment which is not always met with entire satisfaction by the general credit machinery of the Federal Reserve System. This has taken the form of the development of an American market for bankers' acceptances, such as has long been a prominent factor in English finance, and just as the market for such paper in London has always been dependent for its existence on the Bank of England, so in America it could not continue but for the Federal Reserve System. By 1925 this market had developed to sizable proportions and it had become the custom for bankers in many sections to carry these acceptances in their portfolios to be sold to the Federal Reserve banks in times of sudden need for currency. Thus the bankers' acceptance market is capable of having a direct and noteworthy effect on the supply of money released upon the market.

That the power of reserve mobilization for the country as a whole has been put to good use since 1914 is further demonstrated by the fact that individual bank reserves have been growing steadily smaller year by year so far as actual cash in vault is concerned. More and more this item is being reduced to the legal minimum, while the remainder of the reserves are carried in Federal Reserve banks where they are made immediately available to any need anywhere in the United States.

In the nation's constant effort toward better banking, Illinois has been consistent in its support of sound economic development. Even in the old free banking days when conditions seemed to be as bad as possible, the fundamental structure on which the banks of Illinois were predicated was also the structure, to a large degree, upon which the subsequent National Bank Act was based.

When the whole country was hampered by a flood of unsound

and wild-cat money, it was George Smith of Chicago who gave the middle west a currency that could be implicitly relied upon. It will be recalled, too that to avoid the troubles generally being experienced in the country, the legislature and the people of the State of Illinois made a constitutional provision that there might never again be any chartered banks in the state. Ridiculous as this provision seems to us now, it must be remembered that under the circumstances which provoked it, it too was an endeavor to avoid unsound money.

Upon the enactment of the National Bank Act, there were few states that undertook to carry out its provisions with the generosity and coöperation evidenced in Illinois; in subsequent panics this state was so determined to maintain its sound money standards that its most prominent bankers preferred to face personal financial destruction rather than follow New York's lead in offering clearing-house loan certificates to their customers.

Although a center of interest in the silver controversy of 1896, and supplying large support to the free silver advocates, Illinois, nevertheless, under the leadership of her more prominent and influential citizens, declared by a large majority for sound money and the gold standard.

The interest taken in subsequent proposed national legislation for banking and currency reform again proved Illinois to be for sound economic principles. Much opposition was shown on the part of Chicago bankers to the Aldrich-Vreeland Act and the proposed Federal Reserve Act, but this opposition was always of a constructive rather than of a destructive character. When these men believed pending legislation to be fundamentally unsound, they opposed it vigorously, not by stating their objections, but by bringing carefully prepared arguments and suggestions before the bodies responsible for such legislation. These arguments, it will be recalled were supplied before the acts were passed, in time to permit essential changes.

At such times as the bankers of Illinois were not successful in modifying proposed legislative bills in accordance with their ideas prior to enactment, they have made every effort to conform with the law until such time as they were able to secure the desired changes through amendments. This attitude was particularly evidenced in the instance of the Aldrich-Vreeland Act.

Affairs under the dominion of her own state law makers have progressed until today Illinois justly deserves to be counted among the model states of the union so far as banking practice is concerned.

While her laws have been inadequate, due chiefly to constitutional hindrances, nevertheless, her bankers have constantly imposed restrictions and regulations upon themselves which have made for improvements in banking situations and greater protection for deposited funds. Private banks were abolished, not because they offered undesirable competition to other banking institutions, but because the prominent bankers of the state realized the public need for such abolition. It will be recalled that large numbers of influential private bankers threw their forces to the support of proper banking legislation.

Thus, from the earliest days to the present time, sound money and bank customer protection have stood forth as ideals toward which the banking interests of Illinois have aspired until bank failure statistics now indicate that Illinois has become one of the safer states in the country so far as the protection of the funds of her bank depositors is concerned.

APPENDIX

REPORT ON THE NATIONAL BANK CURRENCY ACT

At a meeting of bank officers, held at the New York Clearing House on Saturday, the 5th of December, 1863, it was

Resolved, That the following Report of the Committee, appointed on the 6th of October last, be accepted, and that it be printed and distributed under the direction of said Committee.

At a meeting of bank officers, held on the 6th of October last, a committee was appointed to report on the National Bank Currency Act, as to its prospective effects upon the currency of the nation and the national credit; and report what action, if any, devolves upon the banks in the premises.

The undersigned, members of a committee thus appointed, beg leave to report as follows:

The system referred to in the foregoing resolution, is authorized by an Act passed at the last session of Congress, entitled, "An Act to provide a National Currency, secured by a pledge of United States stocks, and to provide for the circulation and redemption thereof."

How closely this subject may be connected with vested interests, corporate or individual, now in existence, your Committee do not make the object of their inquiry. A scheme "to provide a national currency, secured by United States stocks," is of too vast importance to the whole people and government of this country, to be dwarfed by any partial or mere professional considerations.

As men, therefore, accustomed to investigate questions of finance, just as business men study their affairs,—your Committee desire to submit the result of their researches. Not in any spirit of cavil, or fault-finding—far from it—but with deep convictions that the subject is so grave, and fraught with possible consequences so momentous, that the best thoughts of your Committee may fail to do it justice.

Various amendments were suggested before the passage of the Act, but not adopted: they may be incorporated hereafter, or, *the law may be repealed altogether*, but for present purposes it must be regarded as it stands on the Statute Book.

Three important questions demand serious consideration:

1st. What *is* this scheme "to provide a national currency"?
2d. What will be the effect of the proposed currency on the interests of the people?
3d. What will be the probable consequences to the National Government?

First, as to the plan: Section 5 of the law provides that any number of persons, not less than five, may become an association for the purpose of banking. Section 6 enacts, that the capital in cities shall not be less than $100,000, but in the country it may be $50,000. Section 7 provides that thirty per cent., at least, of the capital stock shall be paid in, at the time of commencing business; and the remainder in ten per cent. instalments as often as once in two months thereafter. Section 12 declares, "For all debts, contracted for circulation, deposits, or otherwise, each shareholder shall be liable to the amount, at their par value, of the shares held by him, *in addition* to the amount invested in such shares." Section 15 provides that every association shall transfer and deliver to the Treasurer of the United States, any United States bonds, bearing interest, to an amount not less than one-third of the capital stock *paid in*. Section 16 declares that, upon making such transfer, the association shall receive circulating notes to the amount of ninety per cent. of such bonds.

By way of elucidating the foregoing provisions, your Committee will assume that a national bank, with a capital of $50,000, is to be organized. The amount required to be paid in, is thirty per cent. thereof, say.....$15,000
One-third of such *paid-in* capital is to be invested in bonds, say..... 5,000

Leaving capital of.....$10,000

On depositing the $5,000 in bonds, circulating notes to the amount of ninety per cent. are to be issued to the bank, say $4,500. Then fourteen months are allowed in which to complete the payment of the capital, say ten per cent., or $5,000, every two months. During which time, the bank is doing business, receiving individual, or even United States Government deposits, on an active capital of $10,000!

Section 19 requires the payment, semi-annually, to the United States, of half of one per centum on the amount of circulating notes, say one per cent. a year. Section 20 declares that the notes shall be received at par in all parts of the United States, in payment of taxes, excises, public lands, and all other dues to the United States, except for duties on imports, and also for all salaries and other debts and demands owing by the United States

to individuals, corporations and associations within the United States, except interest on public debt.

Sections 25, 26, 27, and 28, provide for the protest by the holder, and redemption by the United States, of the circulating notes of any bank which may fail to redeem them, at the office of such association, in "lawful money of the United States." Section 41 requires every such association to have on hand, at all times, in lawful money of the United States, an amount equal to at least twenty-five per cent. of the aggregate of its outstanding notes of circulation and its deposits: provided, however, that clearing-house certificates shall be deemed to be lawful money in the possession of any such association: and provided, further, that any balance due to any association, organized under said Act, in other places, from associations in Boston, New York, Philadelphia, and other cities named, may be deemed a part of the lawful money required, to the extent of three-fifths of the said twenty-five per centum.

Your Committee believe the foregoing analytical summary embraces the substance of the "Act to provide a National Currency." The bills are receivable by the United States for all dues except for duties on imports, and may be paid by the United States to all individuals, corporations, and associations, except for interest on public debt. *But they are not a legal tender between man and man, nor has any association or banking institution a legal right to pay them out in discharge of its debts to an individual or corporation.* This disposes of the first inquiry—"What *is* this scheme," &c.

To the *second* inquiry, "What will be the effect of the proposed currency on the interests of the people?" your Committee respond:

Perhaps the most attractive feature, with regard to the national bank currency, is the prevalent idea that it is to be a currency of uniform value all over the United States, from Maine to California; and, indeed, its being secured by United States stocks favors this supposition. Look at the practical working of the scheme, and see whether this be well founded or fallacious.

It must have been observed by all, that the applications for banks under this law, though numerous, are for small amounts, many of only $50,000, or $60,000, capital. Your Committee know of very few which are designed to do a legitimate banking business. There may be others, but from the small amount of capital of more than a hundred of them, and the localities of several, your Committee strongly suspect them of being intended for banks of *circulation* only, not regular business banks for deposits and discounts, but what are known in our Western States by the expressive term "Wild Cat Banks." It will be borne in mind that the bills of these banks are not redeemable at an agency, like the country banks of New York State, but only *"at the office of the association."* There the bills must be presented for payment, in lawful money of the United States, and if not paid, protested; then taken to the Comptroller of the Treasury, in Washington, who after thirty days is bound to redeem them.

But how are the people to make such presentation? Or how can even any institution, if it were disposed, afford to do it? All the bills, we are told, are to be printed from the same plate, having only the locality and number to distinguish one from another. Now, is it to be presumed, that any person will be able to discriminate between them when all look so nearly alike? If not, what is to prevent a large amount of bills, having their *legitimate* homes in Minnesota, Nevada, or California, but their places of *issue* among the brokers in Wall street, from being circulated in New York or any neighboring city? Suppose eight or ten millions, belonging nominally in as many different states, to be put afloat in New York, how can the City get rid of them? By what process procure a redemption of this uncurrent money? Whose business will it be to save a hundred dollars of this bank, and a thousand of that, and send them to Wisconsin and Dakota, only to be protested, returned to New York, then sent to Washington, and after thirty days redeemed there at par?

Or, suppose the man in business has taken these bills, and has a note to pay at bank; the bank cannot receive his "national currency," because it has no legal right to pay it out to either depositor or bill-holder. What, then, can he do? He has but one source of relief; he must take the bills to the uncurrent-money broker—perhaps the very man who issued them—and submit to a discount of from one to five per cent., according to the distance of the place where the bank is supposed to have "a local habitation" and a number. The man who thought he had a currency of "uniform value all over the United States," finds, when he leaves the broker's office, that he has one or two hundred dollars less than when he entered there. But it is not merely the business-man who is to suffer. This depreciated currency will become the general medium of trade. The laboring man and poor woman, when they make their small purchases, will find five or ten per cent. added to the price they would be required to pay, provided they could offer legal tender notes. Is it fair to throw this unnecessary burden on the poor and ignorant? Who is benefited? Only the man who *perverts* the legitimate use of a banking-law of the United States, which, however, by its own imperfections, has stimulated his cupidity and instigated unsound banking.

If more currency is required for the legitimate business of the country, why should not the government avail itself of the opportunity to issue a further amount of legal tender notes? *They do* furnish a currency of uniform value—less the expense of transportation —in every part of the Union. Whereas the National Bank currency is not lawful money,

and, being payable in different parts of every State, must be subject to the laws of exchange, which are as infallible as the laws of gravitation, and necessitate a discount on bank bills payable at a distance from business-centres, even when redeemable in specie. Paper currency, merely, is poor enough, at the best; why then should the government be *willing* to give the people an *inferior* paper currency, when it commands a superior one? That is the question!

Another point deserves consideration. The total amount of currency authorized by the National Bank Act is three hundred millions of dollars. Does any one believe that so large a sum can be added to the present paper circulation of this country without causing undue inflation of price in every commodity?

The amount of legal tender notes in circulation may be set down at.....	$400,000,000
In May last the bank note circulation of the loyal states amounted to.....	168,400,000
Total	$568,400,000

Now, if you add to the foregoing, $300,000,000, national bank currency, will not the inevitable tendency be to a great depreciation of paper, as compared with gold, creating enhanced prices, and increased expense of living to every class of society? It must be remembered, too, that we are on the eve of a further issue of "legal-tender," in the form of treasury notes bearing five per cent. interest. These notes are a legal tender for the face of them. Fifty millions have recently been sold by the government, under a law authorizing the issue of $400,000,000; leaving $350,000,000, yet at the disposal of the government. Can it be considered wise, or prudent, to create a large amount of new bank currency under these circumstances?

Your Committee do not state that, in their judgment, the present issue of legal-tender notes is in excess of the wants of government and requirements of business. They are aware that the average amount of legal-tender notes held by New York city banks, for several months past, has not exceeded twenty millions of dollars, although those notes now constitute the reserve—or medium of settlement—in place of specie. Had this currency been superabundant, it would have shown itself—as it certainly has not—in large accumulations at the principal cities,—New York, Boston, and Philadelphia.

Various causes combined have created an increased demand for currency; and the following may be regarded as among the principal ones, namely: (1st.), the withdrawal of specie from commercial and mercantile transactions: (2d.), the advance in prices of all commodities: (3d.), the shortening of credits in every branch of business: (4th.), the large payments to the army and navy, and other war disbursements.

This leaves out of the account the whole western country—which, by the annihilation, two and a half years ago, of its banking institutions (founded on state stocks), was completely emptied of paper currency, and had to be filled up anew, not only to the measure of its former fullness, but far beyond it; for the United States has been buying largely of almost all the products of the West; and not only the United States government, but Europe also, has been a purchaser, and all has been paid for in "legal tenders." Indeed, the demand from the West for these notes is constantly increasing, being larger this autumn than ever before. *This currency* the people are satisfied with. It is a direct promise of the government, pure and simple. It holds every dollar of property in the country, corporate and individual, pledged for its redemption. By Act of Congress it is a legal tender, and has recently been so pronounced by the highest tribunal in the State of New York. As lawful money, it is as good between individuals as between the government and an individual; it pays bank debts as well as shop debts, without any discount whatever.

But, it has been pertinently asked, would you continue this paper currency in the form of legal-tender, forever? is this issue, made from the necessity of the case, to become perpetual? Certainly not. The remedy is very simple. When the war ends, the disbursements of the government will be at once reduced one-half or two-thirds. Of course, then, the government, to that extent, ceasing to pay out legal-tender, the volume of circulation will decrease. The notes will also be converted into interest-bearing securities of the government, and then cancelled—the United States having no further use for them; and thus, in two or three years the legal-tender notes will be reduced to a minimum amount—to as low a sum, that is, as the people may desire—when they may be redeemed in specie by the government, and re-issued or not. There is no necessity, therefore, as your Committee conceive, for the creation of a national bank currency—as has been suggested in Washington—in order that it may be substituted by the government for legal-tender currency. Besides, if the legal-tender should be withdrawn to make room for the national bank currency, what then will be left, with which to redeem that national currency, at the counters of the banks? Not specie, surely, for they will hardly be expected to buy that at forty or fifty per cent. premium, to pay out at par in the redemption of their bills! And it may be justly feared that these national banks will come to create a powerful interest throughout the country in favor of a protracted suspension of specie payments, which it would be to their advantage to continue for an indefinite period. This is a very serious consideration, and is, of itself, sufficient to excite great apprehension in view of such probable result. Is it as safe to have a bank paper circulation without any specie at all in the

banks, as it is to keep a bank currency which is protected already by a handsome specie reserve in hand?

Indeed, the proposed substitution of bank currency for legal-tender, would be a direct loss and injury to the government. Suppose, for instance, the three hundred millions bank currency should be used by government in place of a like amount of legal-tender withdrawn, would not the government lose the interest on that sum, which, at six per centum, amounts to eighteen millions annually? Besides the government being obliged to hire the money, in some other way, the people must be taxed for the interest on it, in addition to what they now pay. The government certainly requires all the aid that can be got from the use of its legitimate credit. The people have, therefore, a direct pecuniary interest in this question; for the Treasury would not only lose thereby an annual interest of eighteen millions dollars, but it would lose the use of three hundred millions which it now has without interest, derived from that amount of legal-tender notes; except, indeed, to the extent it might dispose of its securities—in competition with other sellers—for such bonds as may be lodged for national bank currency. The people are now supplied with a satisfactory currency, but in the national bank currency they would have one that is sure to become more or less depreciated by its very nature. Can any one doubt, then, that the effect of the proposed currency on the welfare of the people of this country would be extremely injurious?

It now remains for your committee to present their views under the *third* head, viz.: What will be the probable consequences of the currency to the national government? This is by far the most serious and important consideration of all. Currency may depreciate. Individuals may lose or suffer and the nation still continue prosperous. But if the credit and integrity of our national government shall be impaired by the operations of a stupendous banking scheme, unwise in its inception, untimely in its birth, and fraught with tendencies to evil consequences, it were better, far better, that it had fallen still-born.

That your Committee may not even seem to exaggerate they will state what appears to them to be the simple state of affairs which, under the circumstances, sooner or later, is sure to exist.

The United States will hold, in charge of the Treasurer at Washington, its own bonds for the security and final redemption of the circulating notes of the national banks, under an express provision, that after protest at the office of emission, the government will, either by a sale of such securities, or by assuming them, redeem the protested notes. For a time all may go on swimmingly. The banks will get out their circulation, and increase, from time to time, till a bank, originally of $50,000, capital, will have swollen its nominal capital and increased its circulating notes to $500,000, without perhaps ever having redeemed, even with legal tender, $10,000, at its remote home office. But panics have periodically come upon us. They will probably always come. An increased volume of paper currency is surely no guarantee that we are less subject to them now than we have been heretofore. On the contrary, is not the public credit more liable to a collapse than it ever was? And besides, this law permits the establishment of a new *"Pet bank system,"* (the first phase of which is already seen in this city,) which is liable to do far more harm, public and private, than even the old one did.

In a panic, the bills of banks are sent home for redemption. The notes of merely circulating banks, whether under the national law, or under the law of the State of New York, are likely to be protested for non-payment; for such banks do not keep specie, or other lawful money of the United States, with which to redeem their bills. They count on keeping their bills afloat, as their only source of profit. The bills of a national bank being protested, are sent to Washington for redemption. At such a time—in a crisis—the government has no spare funds, with which to take up bank-bills. Importations having fallen off, the receipts for duties are lessened. Nothing remains but to put the United States bonds on the market, and sell them for what they will bring. The amount is large, but there is no help for it. One-third of the whole three hundred millions may be returned to Washington, under protest; but suppose the amount is only half that sum, who is to be found, under such circumstances, to bid even fifty cents on the dollar for fifty millions of United States bonds, especially when it is known that there are two hundred and fifty millions more that may be forced on the market under similar circumstances? Where, then, is the credit of the United States government? Prostrate, broken down, in the vain effort to sustain a gigantic scheme of so-called National currency. Why should the people for one moment, countenance a plan fraught with such danger, or even such possibility of danger to our country? Very likely, too, this calamity may befall us, when not only domestic troubles harass, but foreign complications most threaten the peace of our land.

We have already seen in this State the operation of a like law of New York, on a small scale. New York state stocks are selling at present at a large advance over par; but in 1857, when only a few hundred thousand dollars in them were forced on the market, to redeem bank notes, secured by them, they were sold at a reduction of more than thirty per cent. Suppose *twenty-five millions* had been thus thrown on the market, can any one doubt that they would have gone below fifty? This is a trifling amount compared with the millions that may be "rushed" home for redemption, under the national currency

system. The disastrous consequences will be proportionate to the magnitude of the transactions. For after all, this Act of Congress is only a modified form of the New York free banking law of 1838, with the best points of the State law left out.

Your Committee have aimed to show the nature, and inherent defects, of the National Currency Act. They have described the evils which will befall the people of this country if the currency become depreciated, as they believe it inevitably must should this system be persevered in; and they have attempted to portray the disastrous consequences to the character and credit of our general government, if it allow itself to be involved in this uncalled-for and dangerous financial measure.

It would have been easy to show that the welfare and interest of the United States Government are identical with those of the people, in the existing bank capital of the loyal States—now amounting to three hundred and thirty millions—also, in the circulation —as before stated, one hundred and sixty-eight millions—and deposits much larger still; inasmuch as these banks are the financial instruments for wielding the concentrated capital of the country. But your Committee have purposely avoided everything of a private or even a local character; being desirous of treating the subject as of general, rather than special interest. They have looked at it from a national point of view, as patriots and not as partisans. They have regarded the well-being of the whole community, and not the interest of any one class, calling, or profession.

In conclusion, your Committee, without any specific recommendation, would leave to the wisdom and judgment of the Association, to decide the course they may deem expedient to adopt in the premises.

All of which is respectfully submitted.

John E. Williams.
John L. Everitt.

New York, *Nov. 28th,* 1863.

STATEMENT, SHOWING CONDITION OF CHICAGO NATIONAL BANKS, FEBRUARY 28, 1873

Banks	RESOURCES					LIABILITIES						
	Loans, Discounts, and Overdrafts	U. S. Bonds deposited with U. S. Treasurer	Cash and Clearing House exchanges	Amount due from Redeeming agents and other banks	Stocks, bonds, and mortgages on hand	Deposits	Capital and Surplus	Circulation outstanding	Undivided Profits on Hand	Rediscounts	Percentage of 'C'sh Means' to Deposits Feb. 28, 1873	Percentage of 'C'sh Means' to Deposits Dec. 27, 1872
Union National Bank	$ 3,506,877	$ 666,800	$1,384,439	$ 831,022	$ 53,125	$ 4,726,934	$ 1,200,000	$ 600,000	$ 72,674	.....	47.7	53.4
First National Bank	2,579,112	672,000	1,230,528	774,793	9,550	3,477,880	1,400,000	593,035	76,362	.....	57.8	52.3
Third National Bank	2,843,677	667,000	965,449	485,324	56,166	3,402,269	950,000	584,000	97,704	$20,000	40.4	40.3
Commercial National Bank	1,407,831	506,300	421,861	375,275	4,700	1,576,253	700,000	443,100	16,472	.....	50 8	50.5
Merchants' National Bank	1,431,940	450,000	315,853	352,712	.....	1,293,760	840,000	400,000	16,746	.....	51.6	41.3
German National Bank	1,036,543	500,000	202,908	212,702	39,800	945,284	600,000	450,000	14,857	101,000	48.0	45.9
Manufacturers' National Bank	1,017,391	500,000	332,460	308,927	68,500	1,228,646	580,000	450,000	23,861	67,000	57.7	47.9
Northwestern National Bank	1,163,930	500,000	194,133	129,453	.....	563,448	1,000,000	419,600	3,470	.....	57.4	59.7
Fifth National Bank	1,003,469	450,000	240,109	201,056	.....	815,771	600,000	399,300	31,141	115,000	54.0	62.4
Corn Exchange National Bank	1,076,853	500,000	405,182	70,982	.....	1,185,169	550,000	447,300	5,622	.....	40.0	63.1
Second National Bank	546,157	108,500	165,883	172,516	11,293	678,055	150,000	97,500	16,375	98,552	56.1	46.9
Mechanics' National Bank	898,563	161,000	271,535	90,356	1,719	861,264	300,000	144,900	104,911	56,300	30.6	47.3
City National Bank	810,528	250,000	126,651	212,788	12,000	861,273	350,003	223,700	16,500	91,017	40.0	49.8
Traders' National Bank	534,172	123,000	316,474	82,010	.....	637,664	225,000	110,700	113,654	.....	60.7	51.1
Cook County National Bank	1,047,087	451,000	345,479	201,945	.....	1,277,491	510,000	815,900	17,135	.....	42.0	54.4
National Bank of Illinois	849,449	200,000	147,350	164,057	.....	697,610	510,000	180,000	9,684	.....	44.6	43.8
Fourth National Bank	602,286	200,000	144,680	91,596	.....	410,170	210,000	180,000	14,767	40,897	56.3	64.5
National Bank of Commerce	526,621	132,000	213,863	140,673	.....	678,249	260,000	118,300	12,128	68,500	52.2	48.0
Union Stock Yards Nat. Bank	374,011	100,000	55,126	219,565	.....	518,362	130,000	89,000	17,234	.....	53.0	68.7
Home National Bank	228,535	100,000	72,476	35,719	.....	128,653	236,050	90,000	8,453	.....	84.9	90.5
Central National Bank	177,081	100,000	62,189	90,286	7,000	157,570	200,000	90,000	8,545	.....	102.0	198.0
Totals	$23,672,093	$7,337,600	$7,614,827	$5,243,367	$263,853	$26,121,775	$11,501,050	$6,925,535	$695,780	$658,266	Av. 50.2	Av. 47.0

THE ALDRICH-VREELAND ACT

Act May 30, 1908.
An Act Authorizing National Currency Associations, the Issue of Additional National Bank Circulation, and Creating a National Monetary Commission.

FORMATION OF NATIONAL CURRENCY ASSOCIATIONS—CONDITIONS UNDER WHICH BANKS BELONGING TO NATIONAL CURRENCY ASSOCIATIONS MAY TAKE OUT ADDITIONAL CIRCULATION

Be it enacted, etc., That national banking associations, each having an unimpaired capital and a surplus of not less than twenty per centum, not less than ten in number, having an aggregate capital and surplus of at least five millions of dollars, may form voluntary associations to be designated as national currency associations. The banks uniting to form such association shall, by their presidents or vice-presidents, acting under authority from the board of directors, make and file with the Secretary of the Treasury a certificate setting forth the names of the banks composing the association, the principal place of business of the association, and the name of the association, which name shall be subject to the approval of the Secretary of the Treasury. Upon the filing of such certificate the associated banks therein named shall become a body corporate, and by the name so designated and approved may sue and be sued and exercise the powers of a body corporate for the purposes hereinafter mentioned: Provided, that not more than one such national currency association shall be formed in any city: Provided further, That the several members of such national currency association shall be taken as nearly as conveniently may be, from a territory composed of a State or part of a State, or contiguous parts of one or more States: And provided further, that any national bank in such city or territory, having the qualifications herein prescribed for membership in such national currency association, shall, upon its application to and upon the approval of the Secretary of the Treasury, be admitted to membership in a national currency association for that city or territory and upon such admission shall be deemed and held a part of the body corporate, and as such entitled to all the rights and privileges and subject to all the liabilities of an original member: And provided further, That each national currency association shall be composed exclusively of banks not members of any other national currency association.

The dissolution, voluntary or otherwise, of any bank in such association shall not affect the corporate existence of the association unless there shall then remain less than the minimum number of ten banks: Provided, however, That the reduction of the number of said banks below the minimum of ten shall not affect the existence of the corporation with respect to the assertion of all rights in favor of or against such association. The affairs of the association shall be managed by a board consisting of one representative from each bank. By-laws for the government of the association shall be made by the board, subject to the approval of the Secretary of the Treasury. A president, vice-president, secretary, treasurer, and an executive committee of not less than five members, shall be elected by the board. The powers of such board, except in the election of officers and making of by-laws, may be exercised through its executive committee.

The national currency association herein provided for shall have and exercise any and all powers necessary to carry out the purposes of this section, namely, to render available, under the direction and control of the Secretary of the Treasury, as a basis for additional circulation any securities, including commercial paper, held by a national banking association. For the purpose of obtaining such additional circulation, any bank belonging to any national currency association, having circulating notes outstanding secured by the deposit of bonds of the United States to an amount not less than forty per centum of its capital stock, and which has its capital unimpaired and a surplus of not less than twenty per centum, may deposit with and transfer to the association, in trust for the United States, for the purpose hereinafter provided, such of the securities above mentioned as may be satisfactory to the board of the association. The officers of the association may thereupon, in behalf of such bank, make application to the Comptroller of the Currency for an issue of additional circulating notes to an amount not exceeding seventy-five per centum of the cash value of the securities of commercial paper so deposited. The Comptroller of the Currency shall immediately transmit such application to the Secretary of the Treasury with such recommendation as he thinks proper, and if, in the judgment of the Secretary of the Treasury, business conditions in the locality demand additional circulation, and if he be satisfied with the character and value of the securities proposed and that a lien in favor of the United States on the securities so deposited and on the assets of the banks composing the association will be amply sufficient for the protection of the United States, he may direct an issue of additional circulating notes to the association, on behalf of such bank, to an amount in his discretion, not, however, exceeding seventy-five per centum of the cash value of the securities so deposited: Provided, That upon the deposit of any of the State, city, town, county, or other municipal bonds, of a character described in section three of this Act, circulating notes may be issued to the extent of not exceeding ninety per centum of the market value of such bonds so deposited: And provided further, That no national banking association shall be authorized in any event to issue circulating notes based on commercial paper in excess of thirty per centum of its unimpaired capital and surplus. The term "commercial paper" shall be held to include only notes representing actual commercial transactions, which when accepted by the association shall bear the names of at least two responsible parties and have not exceeding four months to run.

The banks and the assets of all banks belonging to the association shall be jointly and severally liable to the United States for the redemption of such additional circulation; and to secure such liability the lien created by section fifty-two hundred and thirty of the Revised Statutes shall extend to and cover the assets of all banks belonging to the association, and to the securities deposited by the banks with the association pursuant to the provisions of this Act: but as between the several banks composing such association each bank shall be liable only in the proportion that its capital and surplus bears to the aggregate capital and surplus of all such banks. The association may, at any time, require of any of its constituent banks a deposit of additional securities or commercial paper, or an exchange of the securities already on deposit, to secure such additional circulation; and in case of the failure of such bank to make such deposit or exchange the association may, after ten days' notice to the bank, sell the securities and paper already in its hands at public sale, and deposit the proceeds with the Treasurer of the United States as a fund for the redemption of such additional circulation. If such fund be insufficient for that purpose the association may recover from the bank the amount of the deficiency by suit in the circuit court of the United States, and shall have the benefit of the lien hereinbefore provided for in favor of the United States upon the assets of such bank. The association or the Secretary of the Treasury may permit or require the withdrawal of any such securities or commercial paper and the substitution of other securities or commercial paper of equal value therefor.

REDEMPTION FUND BELOW REQUIREMENTS—DUTY OF TREASURER OF UNITED STATES

SEC. 2. That whenever any bank belonging to a national currency association shall fail to preserve or make good its redemption fund in the Treasury of the United States, required by section three of the Act of June twentieth, eighteen hundred and seventy-four, chapter three hundred and forty-three and the provisions of this Act, the Treasurer of the United States shall notify such national currency association to make good such redemption fund, and upon the failure of such national currency association to make good such fund, the Treasurer of the United States may, in his discretion, apply so much of the redemption fund belonging to the other banks composing such national currency association as may be necessary for that purpose; and such national currency association may, after five days' notice to such bank, proceed to sell at public sale the securities deposited by such bank with the association pursuant to the provisions of section one of this Act, and deposit the proceeds with the Treasurer of the United States as a fund for the redemption of the additional circulation taken out by such bank under this act.

WHAT NATIONAL BANKS MAY APPLY FOR AUTHORITY TO ISSUE ADDITIONAL CIRCULATION ON BONDS OTHER THAN UNITED STATES BONDS—WHAT BONDS WILL BE ACCEPTED FOR SUCH ADDITIONAL CIRCULATION

SEC. 3. That any national banking association which has circulating notes outstanding, secured by the deposit of United States bonds to an amount of not less than forty per centum of its capital stock, and which has a surplus of not less than twenty per centum, may make application to the Comptroller of the Currency for authority to issue additional circulating notes to be secured by the deposit of bonds other than bonds of the United States. The Comptroller of the Currency shall transmit immediately the application, with his recommendation, to the Secretary of the Treasury, who shall, if in his judgment business conditions in the locality demand additional circulation, approve the same and shall determine the time of issue and fix the amount, within the limitations herein imposed, of the additional circulating notes to be issued. Whenever after receiving notice of such approval any such association shall deposit with the Treasurer or any assistant treasurer of the United States such of the bonds described in this section as shall be approved in character and amount by the Treasurer of the United States and the Secretary of the Treasury, it shall be entitled to receive, upon the order of the Comptroller of the Currency, circulating notes in blank, registered and countersigned as provided by law, not exceeding in amount ninety per centum of the market value, but not in excess of the par value of any bonds so deposited, such market value to be ascertained and determined under the direction of the Secretary of the Treasury.

The Treasurer of the United States, with the approval of the Secretary of the Treasury, shall accept as security for the additional circulating notes provided for in this section, bonds or other interest-bearing obligations of any State of the United States, or any legally authorized bonds issued by any city, town, county, or other legally constituted municipality or district in the United States, which has been in existence for a period of ten years, and which for a period of ten years previous to such deposit has not defaulted in the payment of any part of either principal or interest of any funded debt authorized to be contracted by it, and whose net funded indebtedness does not exceed ten per centum of the valuation of its taxable property, to be ascertained by the last preceding valuation of property for the assessment of taxes. The Treasurer of the United States, with the approval of the Secretary of the Treasury, shall accept, for the purpose of this section, securities herein enumerated in such proportions as he may from time to time determine, and he may with such approval at any time require the deposit of additional securities, or require any association to change the character of the securities already on deposit.

LEGAL TITLE OF BONDS DEPOSITED TO SECURE ADDITIONAL CIRCULATION—ASSIGNMENT OF BONDS BY TREASURER TO BE COUNTERSIGNED BY THE COMPTROLLER OF THE CURRENCY

SEC. 4. That the legal title of all bonds, whether coupon or registered, deposited to secure circulating notes issued in accordance with the terms of section three of this Act shall be transferred to the Treasurer of the United States in trust for the association depositing them, under regulations to be prescribed by the Secretary of the Treasury. A receipt shall be given to the association by the Treasurer or any assistant treasurer of the United States, stating that such bond is held in trust for the association on whose behalf the transfer is made, and as security for the redemption and payment of any circulating notes that have been or may be delivered to such association. No assignment or transfer of any such bond by the Treasurer shall be deemed valid unless countersigned by the Comptroller of the Currency. The provisions of sections fifty-one hundred and sixty-three, fifty-one hundred and sixty-four, fifty-one hundred and sixty-five, fifty-one hundred and sixty-six, and fifty-one hundred and sixty-seven, and sections fifty-two hundred and twenty-four to fifty-two hundred and thirty-four, inclusive, of the Revised Statutes respecting United States bonds deposited to secure circulating notes shall, except as herein modified, be applicable to all bonds deposited under the terms of section three of this Act.

ADDITIONAL CIRCULATION, HOW TREATED—LIMIT TO AMOUNT OF CIRCULATION ISSUED TO EACH BANK —LIMIT TO TOTAL AMOUNT OUTSTANDING UNDER THIS ACT

SEC. 5. That the additional circulating notes issued under this Act shall be used, held, and treated in the same way as circulating notes of national banking associations heretofore issued and secured by a deposit of United States bonds, and shall be subject to all the provisions of law affecting such notes except as herein expressly modified; Provided, That the total amount of circulating notes outstanding of any national banking association, including notes secured by United States bonds as now provided by law, and notes secured otherwise than by deposit of such bonds, shall not at any time exceed the amount of its unimpaired capital and surplus; And provided further, That there shall not be outstanding at any time circulating notes issued under the provisions of this Act to an amount of more than five hundred millions of dollars.

AMOUNT OF REDEMPTION FUND

SEC. 6. That whenever and so long as any national banking association has outstanding any of the additional circulating notes authorized to be issued by the provisions of this Act it shall keep on deposit in the Treasury of the United States in addition to the redemption fund required by section three of the Act of June twentieth, eighteen hundred and seventy-four, an additional sum equal to five per centum of such additional circulation at any time

outstanding, such additional five per centum to be treated, held and used in all respects in the same manner as the original redemption fund provided for by said section three of the Act of June twentieth, eighteen hundred and seventy-four.

EQUITABLE DISTRIBUTION OF NOTES

SEC. 7. In order that the distribution of notes to be issued under the provisions of this Act shall be made as equitable as practicable between the various sections of the country, the Secretary of the Treasury shall not approve applications from associations in any State in excess of the amount to which such State would be entitled of the additional notes herein authorized on the basis of the proportion which the unimpaired capital and surplus of the national banking associations of such State bears to the total amount of unimpaired capital and surplus of the national banking associations of the United States: Provided, however, That in case the applications from associations in any State shall not be equal to the amount which the associations of such State would be entitled to under this method of distribution, the Secretary of the Treasury may, in his discretion, to meet an emergency, assign the amount not thus applied for to any applying association or associations in States in the same section of the country.

SECRETARY OF THE TREASURY TO FURNISH INFORMATION AS TO THE VALUE AND CHARACTER OF SECURITIES

SEC. 8. That it shall be the duty of the Secretary of the Treasury to obtain information with reference to the value and character of the securities authorized to be accepted under the provisions of this Act, and he shall from time to time furnish information to national banking associations as to such securities as would be acceptable under the provisions of this Act.

TAXES PAYABLE TO THE UNITED STATES

SEC. 9. That section fifty-two hundred and fourteen of the Revised Statutes, as amended, be further amended to read as follows:

"SEC. 5214. National banking associations having on deposit bonds of the United States, bearing interest at the rate of two per centum per annum, including the bonds issued for the construction of the Panama Canal, under the provisions of section eight of 'An Act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific Oceans,' approved June twenty-eighth, nineteen hundred and two, to secure its circulating notes, shall pay to the Treasurer of the United States, in the months of January and July, a tax of one-fourth of one per centum each half year upon the average amount of such of its notes in circulation as are based upon the deposit of such bonds; and such associations having on deposit bonds of the United States bearing interest at a rate higher than two per centum per annum shall pay a tax of one-half of one per centum each half year upon the average amount of such of its notes in circulation as are based upon the deposit of such bonds. [National banking associations having circulating notes secured otherwise than by bonds of the United States shall pay for the first month a tax at the rate of five per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax of one per centum per annum for each month until a tax of ten per centum per annum is reached, and thereafter such tax of ten per centum per annum upon the average amount of such notes.] * Every national banking association having outstanding circulating notes secured by a deposit of other securities than United States bonds shall make monthly returns, under oath of its president or cashier, to the Treasurer of the United States, in such form as the Treasurer may prescribe, of the average monthly amount of its notes so secured in circulation; and it shall be the duty of the Comptroller of the Currency to cause such reports of notes in circulation to be verified by examination of the banks' records. The taxes received on circulating notes secured otherwise than by bonds of the United States shall be paid into the Division of Redemption of the Treasury and credited and added to the reserve fund held for the redemption of United States and other notes."

WITHDRAWAL OF CIRCULATING NOTES ON DEPOSIT OF LAWFUL MONEY, AND WITHDRAWAL OF BONDS—NOT MORE THAN NINE MILLIONS TO BE DEPOSITED DURING ANY CALENDAR MONTH—WITHDRAWAL OF ADDITIONAL CIRCULATION ON DEPOSIT OF LAWFUL MONEY OR NATIONAL BANK NOTES

SEC. 10. That section nine of the Act approved July twelfth, eighteen hundred and eighty-two, as amended by the Act approved March fourth, nineteen hundred and seven, be further amended to read as follows:

"SEC. 9. That any national banking association desiring to withdraw its circulating notes, secured by deposit of United States bonds in the manner provided in Section four of the Act approved June twentieth, eighteen hundred and seventy-four is hereby authorized for that purpose to deposit lawful money with the Treasurer of the United States and, with the consent of the Comptroller of the Currency and the approval of the Secretary of the Treasury, to withdraw a proportionate amount of bonds held as security for its circulating notes in the order of such deposits: Provided, That not more than nine millions of dollars of lawful money shall be so deposited during any calendar month for this purpose.

"Any national banking association desiring to withdraw any of its circulating notes, secured by the deposit of securities other than bonds of the United States, may make such withdrawal at any time in like manner and effect by the deposit of lawful money, or national bank notes with the Treasurer of the United States, and upon such deposit a proportionate share of the securities so deposited may be withdrawn: Provided, That the deposits under this section to retire notes secured by the deposit of securities other than bonds of the United States shall not be covered into the Treasury, as required by section six of an Act entitled 'An Act directing the purchase of silver bullion and the issue of Treasury notes thereon, and for other purposes,' approved July fourteenth, eighteen hundred and ninety, but shall be retained in the Treasury for the purpose of redeeming the notes of the bank making such deposit."

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* Amended by the Federal Reserve Act, Sec. 27, to read:
National banking associations having circulating notes secured otherwise than by bonds of the United States, shall pay for the first three months a tax at the rate of three per centum per annum upon the average amount of such of their notes in circulation as are based upon the deposit of such securities, and afterwards an additional tax rate of one-half of one per centum per annum for each month until a tax of six per centum per annum is reached, and thereafter such a tax of six per centum per annum upon the average amount of such notes.

PRINTING, DENOMINATION, AND FORM OF THE CIRCULATING NOTES

SEC. 11. That section fifty-one hundred and seventy-two of the Revised Statutes be, and the same is hereby, amended to read as follows:

"SEC. 5172. In order to furnish suitable notes for circulation, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved, in the best manner to guard against counterfeiting and fraudulent alterations, and shall have printed therefrom, and numbered, such quantity of circulating notes, in blank, of the denominations of five dollars, ten dollars, twenty dollars, fifty dollars, one hundred dollars, five hundred dollars, one thousand dollars, and ten thousand dollars, as may be required to supply the associations entitled to receive the same. Such notes shall state upon their face that they are secured by United States bonds or other securities, certified by the written or engraved signatures of the Treasurer and Register and by the imprint of the seal of the Treasury. They shall also express upon their face the promise of the association receiving the same to pay on demand, attested by the signature of the president or vice-president and cashier. The Comptroller of the Currency, acting under the direction of the Secretary of the Treasury, shall as soon as practicable cause to be prepared circulating notes in blank, registered and countersigned, as provided by law, to an amount equal to fifty per centum of the capital stock of each national banking association; such notes to be deposited in the Treasury or in the sub-treasury of the United States nearest the place of business of each association, and to be held for such association, subject to the order of the Comptroller of the Currency, for their delivery as provided by law: Provided, That the Comptroller of the Currency may issue national bank notes of the present form until plates can be prepared and circulating notes issued as above provided; Provided, however, That in no event shall bank notes of the present form be issued to any bank as additional circulation provided for by this Act."

CIRCULATING NOTES TO BE REDEEMED IN LAWFUL MONEY OF THE UNITED STATES

SEC. 12. That circulating notes of national banking associations, when presented to the Treasury for redemption, as provided in section three of the Act approved June twentieth, eighteen hundred and seventy-four, shall be redeemed in lawful money of the United States.

ALL ACTS OF THE COMPTROLLER OF THE CURRENCY AND TREASURER OF THE UNITED STATES UNDER THIS ACT TO BE APPROVED BY THE SECRETARY OF THE TREASURY

SEC. 13. That all acts and orders of the Comptroller of the Currency and the Treasurer of the United States authorized by this Act shall have the approval of the Secretary of the Treasury who shall have power, also, to make any such rules and regulations and exercise such control over the organization and management of national currency associations as may be necessary to carry out the purposes of this Act.

NO RESERVE NEED BE HELD AGAINST DEPOSITS OF PUBLIC MONEY

SEC. 14. That the provisions of section fifty-one hundred and ninety-one of the Revised Statutes, with reference to the reserves of national banking associations, shall not apply to deposits of public moneys by the United States in designated depositaries.

INTEREST ON PUBLIC DEPOSITS

SEC. 15. That all national banking associations designated as regular depositaries of public money shall pay upon all special and additional deposits made by the Secretary of the Treasury in such depositaries, and all such associations designated as temporary depositaries of public money shall pay upon all sums of public money deposited in such associations interest at such rate as the Secretary of the Treasury may prescribe, not less, however, than one per centum per annum upon the average monthly amount of such deposits: Provided, however, That nothing contained in this Act shall be construed to change or modify the obligation of any association or any of its officers for the safe-keeping of public money: Provided further, That the rate of interest charged upon such deposits shall be equal and uniform throughout the United States.

EXPENSES OF ACT

SEC. 16. That a sum sufficient to carry out the purposes of the preceding sections of this Act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

[Sections 17, 18 and 19, following, were repealed by Chapter 36, Statutes at Large, 1911.]

[SEC. 17. That a Commission is hereby created to be called the "National Monetary Commission," to be composed of nine members of the Senate, to be appointed by the Presiding Officer thereof, and nine members of the House of Representatives, to be appointed by the Speaker thereof; and any vacancy on the Commission shall be filled in the same manner as the original appointment.

SEC. 18. That it shall be the duty of this Commission to inquire into and report to Congress at the earliest date practicable, what changes are necessary or desirable in the monetary system of the United States or in the laws relating to banking and currency, and for this purpose they are authorized to sit during the sessions or recess of Congress, at such times and places as they may deem desirable, to send for persons and papers, to administer oaths, to summons and compel the attendance of witnesses, and to employ a disbursing officer and such secretaries, experts, stenographers, messengers, and other assistants as shall be necessary to carry out the purposes for which said Commission was created. The Commission shall have the power through subcommittee or otherwise, to examine witnesses and to make such investigations and examinations, in this or other countries, of the subjects committed to their charge as they shall deem necessary.

SEC. 19. That a sum sufficient to carry out the purposes of sections seventeen and eighteen of this Act, and to pay the necessary expenses of the Commission, and its members, is hereby appropriated, out of any money in the Treasury not otherwise appropriated. Said appropriations shall be immediately available and shall be paid out on the audit and order of the chairman or acting chairman of said Commission, which audit and order shall be conclusive and binding upon all Departments as to the correctness of the accounts of such Commission.]

(The following paragraph was added by Act of March 4, 1909.)

That the members of the National Monetary Commission, who were appointed on the thirtieth day of May, nineteen hundred and eight, under the provisions of section seventeen of the Act entitled "An Act to amend the national banking laws," approved May thirtieth, nineteen hundred and eight, shall continue to constitute the National Monetary Commission

until the final report of said commission shall be made to Congress; and said National Monetary Commission are authorized to pay to such of its members as are not at the time in the public service and receiving a salary from the Government, a salary equal to that to which said members would be entitled if they were members of the Senate or House of Representatives. [All Acts and parts of Acts inconsistent with this provision are hereby repealed.]

SEC. 20. That this Act shall expire by limitation on the thirtieth day of June, nineteen hundred and fourteen. [Extended by Federal Reserve Act to June 30, 1915.]

CLEARINGS IN CHICAGO BY YEARS FROM 1865 TO 1922

1865 (9 months)	$ 309,606,228.52	1896	$ 4,413,054,108.61
1866	453,798,648.11	1897	4,575,693,340.54
1867	580,727,331.43	1898	5,517,335,476.66
1868	723,293,444.91	1899	6,612,313,611.00
1869	734,661,949.91	1900	6,799,535,598.00
1870	810,676,036.28	1901	7,756,372,455.00
1871	868,936,754.64	1902	8,394,872,351.00
1872	993,060,503.47	1903	8,755,553,649.00
1873	1,047,027,828.33	1904	8,989,983,764.00
1874	1,101,347,918.41	1905	10,141,765,732.00
1875	1,212,817,207.54	1906	11,047,311,894.00
1876	1,110,093,624.37	1907	12,087,647,870.00
1877	1,044,678,475.70	1908	11,853,814,945.00
1878	967,184,093.07	1909	13,781,843,612.00
1879	1,257,756,124.31	1910	13,939,689,984.43
1880	1,725,684,894.83	1911	13,925,709,802.70
1881	2,249,329,924.75	1912	15,380,795,541.82
1882	2,393,437,874.35	1913	16,073,130,524.05
1883	2,517,371,581.24	1914	15,692,828,996.91
1884	2,259,680,391.74	1915	16,198,985,174.82
1885	2,318,579,003.07	1916	20,541,943,205.94
1886	2,604,762,912.35	1917	24,974,974,478.64
1887	2,969,216,210.60	1918	25,930,200,367.73
1888	3,163,774,462.68	1919	29,685,973,091.54
1889	3,379,925,188.67	1920	32,669,233,535.72
1890	4,093,145,904.48	1921	25,974,692,057.45
1891	4,456,885,230.49	1922	28,036,204,344.67
1892	5,135,771,187.74	1923	31,112,845,762.11
1893	4,676,960,968.04	1924	31,653,583,955.00
1894	4,315,440,476.96	1925	35,391,593,571.56
1895	4,614,979,203.18		

BANK CLEARINGS IN EIGHT NEXT MOST IMPORTANT CITIES OF ILLINOIS

(000 omitted)

Year	Peoria	Springfield	Rockford	Bloomington
1909	$145,848	$ 46,093	$ 33,824	$ 26,024
1910	156,462	51,929	39,994	30,963
1911	161,238	53,861	40,747	33,805
1912	173,022	58,749	43,603	35,780
1913	162,337	58,607	50,197	37,578
1914	171,022	59,288	48,630	35,978
1915	155,071	59,089	47,425	37,072
1916	205,262	77,797	61,085	44,996
1917	252,310	97,904	83,187	59,891
1918	240,528	112,799	99,159	70,348
1919	260,440	123,491	110,618	88,387
1920	281,528	146,815	136,847	97,224
1921	191,251	124,002	95,201	66,866
1922	204,124	115,865	101,080	67,407
1923	229,195	131,189	118,700	77,528
1924	237,563	130,598	129,300	75,860
1925	240,174	145,538	148,671	86,681

Year	Quincy	Decatur	Danville	Jacksonville
1909	$ 27,888	$ 21,553	.....	$ 14,429
1910	30,428	24,627	23,174	15,864
1911	34,082	22,900	21,728	15,488
1912	35,936	25,276	22,600	14,241
1913	42,016	27,148	24,621	17,205
1914	43,856	24,920	24,426	15,791
1915	40,476	22,324	25,579	14,206
1916	56,701	34,946	30,323	18,245
1917	59,120	43,592	30,328	21,859
1918	70,498	54,930	31,925	29,358
1919	83,543	68,737	40,796	34,120
1920	97,023	80,324	47,943	32,839
1921	66,866	58,129	41,976	17,653
1922	67,407	58,245	.....	16,587
1923	74,333	66,367	.....	18,678
1924	74,626	71,551	.....	17,343
1925	.....	77,593	.....	.....

CHICAGO CLEARING HOUSE ASSOCIATION—PRESIDENTS AND VICE-PRESIDENTS SINCE ORGANIZATION

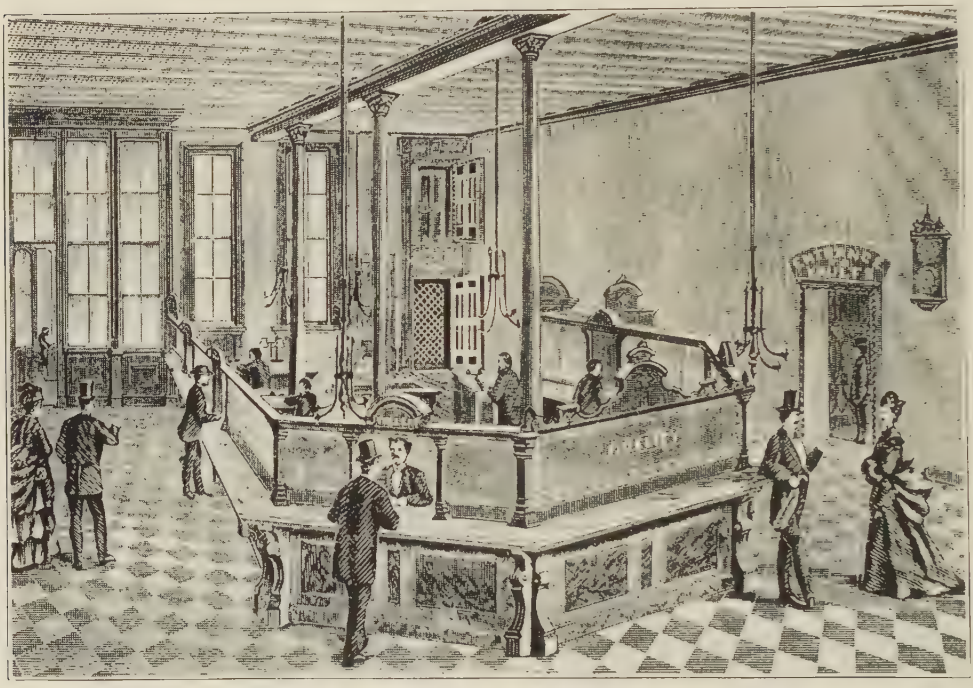
Elected	President	Vice-Presidents	Elected	President	Vice-Presidents
Mar. 10, 1865	W. F. Coolbaugh	Josiah Lombard	Jan. 16, 1900	E. S. Lacey	J. V. Clarke
Jan. 7, 1868	Solomon A. Smith	J. O. Rutter	Jan. 15, 1901	J. V. Clarke	W. T. Fenton
Jan. 3, 1871	J. Irving Pearce	J. O. Rutter	Jan. 21, 1902	W. T. Fenton	Jas. H. Eckels
Jan. 7, 1873	Solomon A. Smith	L. J. Gage	Jan. 20, 1903	W. T. Fenton	Byron L. Smith
Jan. 6, 1874	Solomon A. Smith	L. J. Gage	Jan. 19, 1904	Byron L. Smith	Geo. M. Reynolds
Jan. 5, 1875	L. J. Gage	John DeKoven	Jan. 17, 1905	Byron L. Smith	Geo. M. Reynolds
Jan. 4, 1876	L. J. Gage	John DeKoven	Jan. 16, 1906	Byron L. Smith	Geo. M. Reynolds
Jan. 2, 1877	John DeKoven	I. G. Lombard	Jan. 17, 1907	Byron L. Smith	Geo. M. Reynolds
Jan. 3, 1878	John DeKoven	I. G. Lombard	Jan. 21, 1908	Jos. T. Talbert	H. A. Haugan
Jan. 7, 1879	I. G. Lombard	Geo. A. Ives	Jan. 19, 1909	Jos. T. Talbert	H. A. Haugan
Jan. 6, 1880	I. G. Lombard	Geo. A. Ives	Oct. 28, 1909	Geo. E. Roberts	
Jan. 4, 1881	Geo. Schneider	Geo. L. Otis	Jan. 18, 1910	Geo. E. Roberts	L. A. Goddard
Jan. 17, 1882	Geo. Schneider	Geo. L. Otis	Sept. 14, 1910	L. A. Goddard	F. H. Rawson
Jan. 16, 1883	Geo. L. Otis	John V. Clarke	Jan. 17, 1911	L. A. Goddard	F. H. Rawson
Jan. 15, 1884	Geo. L. Otis	John V. Clarke	Jan. 16, 1912	L. A. Goddard	F. H. Rawson
Jan. 20, 1885	John V. Clarke	H. H. Nash	Jan. 21, 1913	F. H. Rawson	David R. Forgan
Jan. 19, 1886	John V. Clarke	H. H. Nash	Jan. 20, 1914	F. H. Rawson	David R. Forgan
Jan. 18, 1887	H. H. Nash	E. G. Keith	Jan. 19, 1915	David R. Forgan	Chas. G. Dawes
Jan. 17, 1888	H. H. Nash	E. G. Keith	Jan. 18, 1916	David R. Forgan	Chas. G. Dawes
Jan. 15, 1889	E. G. Keith	John C. Black	Jan. 16, 1917	Chas. G. Dawes	John A. Lynch
Jan. 22, 1890	E. G. Keith	John C. Black	June 12, 1917	John A. Lynch	Solomon A. Smith
Jan. 20, 1891	John C. Black	C. L. Hutchinson	Jan. 15, 1918	John A. Lynch	Solomon A. Smith
Jan. 18, 1892	John C. Black	C. L. Hutchinson	Jan. 21, 1919	John A. Lynch	Solomon A. Smith
Jan. 17, 1893	C. L. Hutchinson	W. F. Dummer	Jan. 20, 1920	Solomon A. Smith	Wm. A. Tilden
Jan. 16, 1894	C. L. Hutchinson	W. F. Dummer	Jan. 18, 1921	Solomon A. Smith	Wm. A. Tilden
Jan. 15, 1895	W. F. Dummer	John R. Walsh	Jan. 17, 1922	Solonon A. Smith	Oscar G. Foreman
Jan. 21, 1896	W. F. Dummer	John R. Walsh	Jan. 16, 1923	Oscar G. Foreman	Albert W. Harris
Jan. 19, 1897	John R. Walsh	E. S. Lacey	Jan. 15, 1924	Oscar G. Foreman	Albert W. Harris
Jan. 18, 1898	John R. Walsh	E. S. Lacey	Jan. 20, 1925	Albert W. Harris	Jos. E. Otis
Jan. 17, 1899	E. S. Lacey	J. V. Clarke	Jan. 19, 1926	Albert W. Harris	Jos. E. Otis

CHICAGO CLEARING HOUSE ASSOCIATION—CLEARING HOUSE COMMITTEES SINCE ORGANIZATION

Elected					
Mar. 3, 1865	L. J. Gage	John DeKoven	Ira Holmes	E. E. Braisted	E. I. Tinkham
Mar. 10, 1865	L. J. Gage	E. E. Braisted	E. I. Tinkham	Ira Holmes	John DeKoven
Jan. 4, 1866	E. I. Tinkham	L. J. Gage	A. C. Badger	J. O. Rutter	D. J. Lake
Jan. 2, 1867	E. I. Tinkham	L. J. Gage	J. O. Rutter	J. M. Adsit	D. J. Lake
Jan. 7, 1868	E. I. Tinkham	Josiah Lombard	John DeKoven	C. R. Field	J. M. Adsit
Jan. 5, 1869	E. I. Tinkham	John DeKoven	J. M. Adsit	L. J. Gage	M. D. Buchanan
Jan. 4, 1870	J. M. Adsit	E. I. Tinkham	L. J. Gage	John DeKoven	M. D. Buchanan
Jan. 3, 1871	J. M. Adsit	E. I. Tinkham	John DeKoven	L. J. Gage	M. D. Buchanan
Jan. 7, 1873	J. M. Adsit	John DeKoven	M. D. Buchanan	Geo. A. Ives	Orson Smith
Jan. 6, 1874	John DeKoven	Orson Smith	J. M. Adsit	I. G. Lombard	Geo. A. Ives
Jan. 5, 1875	Geo. L. Otis	I. G. Lombard	Orson Smith	J. M. Adsit	Geo. A. Ives
Jan. 4, 1876	I. G. Lombard	Geo. L. Otis	Orson Smith	Geo. A. Ives	Chas. Henrotin
Jan. 2, 1877	Orson Smith	Chas. Henrotin	Geo. A. Ives	Geo. L. Otis	Jas. D. Sturges
Jan. 3, 1878	Orson Smith	Chas. Henrotin	Geo. A. Ives	Geo. L. Otis	Jas. D. Sturges
Jan. 7, 1879	Orson Smith	J. D. Sturges	Geo. L. Otis	L. J. Gage	John DeKoven
Jan. 6, 1880	John DeKoven	Orson Smith	L. J. Gage	Geo. L. Otis	J. D. Sturges
Jan. 4, 1881	Jas. D. Sturges	John DeKoven	Orson Smith	L. J. Gage	John J. P. Odell
Jan. 17, 1882	L. J. Gage	Orson Smith	I. G. Lombard	J. J. P. Odell	Jas. D. Sturges
Jan. 16, 1883	L. J. Gage	J. J. P. Odell	I. G. Lombard	Jas. D. Sturges	Orson Smith
Jan. 15, 1884	L. J. Gage	J. J. P. Odell	I. G. Lombard	Orson Smith	C. J. Blair
Jan. 20, 1885	L. J. Gage	J. J. P. Odell	I. G. Lombard	Orson Smith	C. J. Blair
Jan. 19, 1886	L. J. Gage	Orson Smith	J. J. P. Odell	I. G. Lombard	C. J. Blair
Jan. 18, 1887	L. J. Gage	Orson Smith	J. J. P. Odell	I. G. Lombard	C. J. Blair
Jan. 17, 1888	L. J. Gage	Orson Smith	J. J. P. Odell	I. G. Lombard	C. J. Blair
Jan. 15, 1889	L. J. Gage	Orson Smith	J. J. P. Odell	I. G. Lombard	C. J. Blair
Jan. 22, 1890	I. G. Lombard	Orson Smith	J. J. P. Odell	L. J. Gage	C. J. Blair
Jan. 20, 1891	I. G. Lombard	Orson Smith	J. J. P. Odell	L. J. Gage	C. J. Blair
Jan. 19, 1892	I. G. Lombard	Orson Smith	J. J. P. Odell	L. J. Gage	C. J. Blair
Jan. 17, 1893	I. G. Lombard	Orson Smith	J. J. P. Odell	L. J. Gage	C. J. Blair
Jan. 16, 1894	I. G. Lombard	Orson Smith	J. J. P. Odell	L. J. Gage	C. J. Blair
Jan. 15, 1895	I. G. Lombard	Orson Smith	E. G. Keith	L. J. Gage	C. J. Blair
Jan. 21, 1896	I. G. Lombard	Orson Smith	E. G. Keith	L. J. Gage	C. J. Blair
Jan. 19, 1897	I. G. Lombard	Orson Smith	E. G. Keith	L. J. Gage	C. J. Blair
Mar. 2, 1897	Jas. B. Forgan elected to fill vacancy caused by the resignation of L. J. Gage.				
Jan. 18, 1898	I. G. Lombard	Orson Smith	C. J. Blair	E. G. Keith	Jas. B. Forgan
Jan. 17, 1899	I. G. Lombard	Orson Smith	C. J. Blair	E. G. Keith	Jas. B. Forgan
Jan. 16, 1900	I. G. Lombard	Orson Smith	C. J. Blair	E. G. Keith	Jas. B. Forgan
Jan. 15, 1901	Jas. B. Forgan	Orson Smith	C. J. Blair	E. G. Keith	E. A. Hamill
Jan. 21, 1902	Jas. B. Forgan	Orson Smith	C. J. Blair	E. G. Keith	E. A. Hamill
Apr. 3, 1902	John J. Mitchell elected to fill vacancy caused by the resignation of C. J. Blair.				
June 4, 1902	Jas. H. Eckels elected to fill vacancy caused by the resignation of E. G. Keith.				
Jan. 20, 1903	Jas. B. Forgan	Orson Smith	E. A. Hamill	John J. Mitchell	Jas. H. Eckels
Jan. 19, 1904	Jas. B. Forgan	Orson Smith	E. A. Hamill	John J. Mitchell	Jas. H. Eckels
Jan. 17, 1905	Jas. B. Forgan	Orson Smith	E. A. Hamill	John J. Mitchell	Jas. H. Eckels
Jan. 16, 1906	Jas. B. Forgan	Orson Smith	E. A. Hamill	John J. Mitchell	Jas. H. Eckels
Jan. 15, 1907	Jas. B. Forgan	Orson Smith	E. A. Hamill	John J. Mitchell	Jas. H. Eckels
Aug. 13, 1907	Geo. M. Reynolds elected to fill vacancy caused by the death of Jas. H. Eckels.				
Jan. 21, 1908	Jas. B. Forgan	E. A. Hamill	Orson Smith	John J. Mitchell	Geo. M. Reynolds
Jan. 19, 1909	Jas. B. Forgan	E. A. Hamill	Orson Smith	John J. Mitchell	Geo. M. Reynolds
Jan. 18, 1910	Jas. B. Forgan	E. A. Hamill	Orson Smith	John J. Mitchell	Geo. M. Reynolds
Jan. 17, 1911	Jas. B. Forgan	E. A. Hamill	Orson Smith	John J. Mitchell	Geo. M. Reynolds

No. change from 1911 to 1919.

Jan. 19, 1915	President of the Association made member of the Clearing House Committee, ex officio.				
Jan. 21, 1919	Jas. B. Forgan	E. A. Hamill	John J. Mitchell	Geo. M. Reynolds	E. D. Hulbert
Jan. 20, 1920	Jas. B. Forgan	Geo. M. Reynolds	E. D. Hulbert	John A. Lynch	Chas. G. Dawes
Jan. 18, 1921	Jas. B. Forgan	Geo. M. Reynolds	E. D. Hulbert	John A. Lynch	Chas. G. Dawes
Jan. 17, 1922	Geo. M. Reynolds	E. D. Hulbert	John A. Lynch	F. H. Rawson	F. O. Wetmore
Jan. 16, 1923	Geo. M. Reynolds	E. D. Hulbert	John A. Lynch	F. H. Rawson	F. O. Wetmore
June 13, 1923	John J. Mitchell elected to fill vacancy caused by death of Edmund D. Hulbert.				
Jan. 15, 1924	Geo. M. Reynolds	F. O. Wetmore	John A. Lynch	John J. Mitchell	F. H. Rawson
Jan. 20, 1925	Geo. M. Reynolds	F. O. Wetmore	John A. Lynch	John J. Mitchell	F. H. Rawson
Jan. 19, 1926	Geo. M. Reynolds	F. O. Wetmore	John A. Lynch	John J. Mitchell	F. H. Rawson



INTERIOR VIEW OF EARLY CHICAGO BANK ENTRANCE TO SAFE DEPOSIT VAULTS

CHRONOLOGY OF THE FEDERAL RESERVE BANK OF CHICAGO FISCAL AGENCY OPERATIONS 1917-1920

1917

February 1— Germany begins unrestricted submarine warfare.

3 — Ambassador Count Von Bernstorff given passports and Ambassador James W. Gerard ordered withdrawn.

7— United States Senate endorses Wilson's action in breaking with Germany.

March 31— Government sells $50,000,000 Certificates of Indebtedness to Federal Reserve Banks. Chicago Reserve Bank took $5,000,000. Certificates bearing 2% and maturing June 29, 1917.

April 2— President Wilson at Special Session of American Congress asks that existence of state of war with Germany be declared.

4— Senate passes War resolutions.

6— House passes War resolutions.

4 to 6— Conference of Governors of Federal Reserve Banks held at Washington. War financing discussed. Secretary McAdoo tells Governors he would further employ powers given him in Section 15 Reserve Act and expand limited Fiscal Agency functions first assigned Federal Reserve Banks on January 1, 1916.

24— Act of Congress (H. R. 2762) approved authorizing issue of bonds not in excess of $5,000,000,000 plus $63,945,460 necessary to redeem maturing bonds and certain amounts hitherto authorized but not issued under prior acts. Short title First Liberty Bond Act.

25— Beginning of issue of Certificates of Indebtedness anticipating First Liberty Loan.

May 4— James B. McDougal, Governor Federal Reserve Bank of Chicago, called first meeting in Chicago to create Liberty Loan organization in Chicago district.

14— Issue of Treasury Department circular No. 78 defining terms of issue of First Liberty Loan of 1917: $2,000,000,000 15-30 year 3½% Gold bonds authorized. This circular also defined the relation of Federal Reserve Banks to flotation of loans in Fiscal Agency capacity.

May 16— Issue of Treasury Department circular No. 79 covering broad regulations regarding redeposit of Government funds arising out of sale of Liberty Bonds and Treasury Certificates.

17— Secretary McAdoo spoke at Chicago to bankers and representative men regarding plans for flotation of Loans.

May 14— to June 15— First Liberty Loan Campaign.

CERTIFICATE OF INDEBTEDNESS SALES

	Date Issue	Due Date	Per Cent	Total Issue	Subscription	Allotment	No. of Subscribers
Certificates issued to Federal Reserve Banks only	Mar. 31	June 29	2	$ 50,000,000	$ 5,000,000	$ 5,000,000	1
Certificates issued in anticipation of First Liberty Loan.	Apr. 25	June 30	3	268,205,000	16,400,000	16,400,000	135
	May 10	July 17	3	200,000,000	24,893,000	24,893,000	291
	May 25	July 30	3¼	200,000,000	23,117,000	16,600,000	503
	June 8	July 30	3¼	200,000,000	23,215,000	19,800,000	419
Total	.....	.....	.....	$868,205,000	$87,625,000	$77,693,000	1,348

FIRST LIBERTY LOAN BOND SALES

	Quota	Subscriptions	Percent quota, Subscribed	Average Subscription	Number of Subscribers	Allotments
Wisconsin	$ 32,000,000	$ 30,296,650	96	$505.00	60,000	$ 24,170,150
Illinois	135,000,000	195,686,200	145	700.00	280,000	157,386,800
Michigan	50,000,000	61,475,100	123	473.00	130,000	40,528,800
Iowa	45,000,000	30,740,600	68	512.00	60,000	23,522,850
Indiana	36,000,000	33,366,100	93	477.00	70,000	23,344,100
Seventh District	$298,000,000	$351,564,650	118	$586.00	600,000	$268,952,700

August 9— Beginning of issue of Certificates of Indebtedness in anticipation of Second Liberty Loan of 1917.

September 24— Act of Congress (H R 5901) approved authorizing issue of $7,538,945,460 in addition to $2,000,000,000 issued or offered under First Liberty Bond Act but $3,538,945,460 was in lieu of previously authorized issues. Net increased authorization $4,000,000,000. Short title of Act

SECOND LIBERTY LOAN BOND ACT

October 1— Issue of Treasury Department circular No. 90 inviting subscriptions to $3,000,000,000 10-25 year 4% convertible gold bonds.

24— "Liberty Day".

1 to 27— Second Liberty Loan Campaign

CERTIFICATE OF INDEBTEDNESS SALES

Date Issue	Due Date	Call Date	Per Cent	Total Issue	Subscription	Allotment	No of Sub.
August 9	Nov. 15	.....	3½	$300,000,000	$ 18,870,000	$ 15,600,000	381
August 29	Nov. 30	.....	3½	250,000,000	18,636,000	15,095,000	379
September 17	Dec. 15	Dec. 6	3½	300,000,000	21,169,000	21,169,000	595
September 26	Dec. 15	Dec. 11	4	400,000,000	35,629,000	35,629,000	804
October 18	Nov. 22	.....	4	385,197,000	32,963,000	32,963,000	745
October 24	Dec. 15	.....	4	685,296,000	18,141,000	18,141,000	217
Total	.....	.....	....	$2,320,493,000	$145,408,000	$138,597,000	3121

SECOND LIBERTY LOAN BOND SALES

	Quota	Subscriptions	Percent Quota Subscribed	Average Subscriptions	Number of Subscribers	Allotments
Wisconsin	$ 50,400,000	$ 78,246,400	155	$320.00	244,676	$ 73,313,100
Illinois	163,380,000	248,514,000	152	376.00	661,105	209,483,150
Michigan	74,550,000	106,179,550	142	271.00	391,121	95,472,150
Iowa	74,550,000	83,047,400	111	288.00	288,080	79,650,400
Indiana	57,120,000	69,799,450	122	311.00	224,515	67,176,650
Seventh District	$420,000,000	$585,786,800	139	$324.00	1,809,497	$525,095,450

1918

January 22— Beginning of issue of Certificates of Indebtedness anticipating Third Liberty Loan.

April 4— Act of Congress (H. R. 11123) approved authorizing issue of $12,000,000,000 in addition to $2,000,000,000 issued or offered under First Liberty Bond Act, but $3,538,945,460 was in lieu of previously authorized issues. Net increased authorization $8,461,054,540. Short title of Act, Third Liberty Bond Act.

6— Issue of Treasury Department Circular No. 111 inviting subscription to $3,000,000,000 4¼% Gold Bonds of 1928.

April 6— to May 4— Third Liberty Loan Campaign.

CERTIFICATE OF INDEBTEDNESS SALES

Date of Issue	Total Issue	Allotted to Chicago District	Rate of Interest	Date of Maturity	Subscribers
Jan. 22, 1918	$ 400,000,000	$ 30,359,000	4%	Apr. 22, 1918	910
Feb. 8, 1918	500,000,000	42,352,000	4	May 9, 1918	2193
Feb. 27, 1918	500,000,000	59,168,000	4½	May 28, 1918	2856
Mar. 20, 1918	543,032,000	64,414,000	4½	June 18, 1918	3115
Apr. 10, 1918	551,226,500	65,850,000	4½	July 9, 1918	2662
Apr. 22, 1918	517,026,000	63,212,000	4½	July 18, 1918	2056
Total	$3,011,284,500	$325,355,000			

THIRD LIBERTY LOAN BOND SALES

	Quota	Subscriptions	Percent Quota Subscribed	Average Subscription	Number of Subscribers
Wisconsin	$ 45,600,000	$ 75,185,250	167.287	$172.00	427,371
Illinois	178,980,000	247,626,400	137	173.00	1,417,241
Michigan	75,600,000	98,033,050	130	170.00	569,570
Iowa	71,050,000	117,211,450	167.518	173.00	660,942
Indiana	53,770,000	70,822,450	133	174.00	404,191
Seventh District	$425,000,000	$608,878,600	143	$172.00	3,479,315

June 25— Beginning of issue of Certificates of Indebtedness anticipating Fourth Liberty Loan.

July 9— Act of Congress (H. R. 12580) approved authorizing issue of $20,000,000,000 in addition to $2,000,000,000 issued or offered under First Liberty Bond Act but $3,538,945,460 was in lieu of previously authorized issues. Net increased authorization $16,461,054,540. Short title of Act, Fourth Liberty Bond Act.

September 28— Issue of Treasury Department circular No. 121 inviting subscriptions to $6,000,000,000 4¼% Gold Bonds 1933-38.

September 28— to October 19— Fourth Liberty Loan Campaign.

CERTIFICATE OF INDEBTEDNESS SALES

Date of Issue	Total Issue	Allotted to Chicago District	Rate of Interest	Date of Maturity	Subscribers
June 25, 1918	$ 838,553,500	$131,481,500	4½	Oct. 24, 1918	4084
July 9, 1918	759,438,000	101,203,000	4½	Nov. 7, 1918	4258
July 23, 1918	584,750,500	83,310,500	4½	Nov. 21, 1918	4240
Aug. 6, 1918	575,706,500	87,292,500	4½	Dec. 5, 1918	4187
Sept. 3, 1918	639,493,000	88,279,000	4½	Jan. 2, 1919	3904
Sept. 17, 1918	625,216,500	88,878,500	4½	Jan. 16, 1919	3858
Oct. 1, 1918	641,069,000	82,759,000	4½	Jan. 30, 1919	3641
Total	$4,664,227,000	$663,204,000			

FOURTH LIBERTY LOAN BOND SALES

	Quota	Subscriptions	Percent Quota Subscribed	Average Subscription	Number of Subscribers
Wiscosnin	$100,050,000	$107,193,650	109	$230.00	436,482
Illinois	365,400,000	422,994,650	114	480.00	1,866,064
Michigan	147,900,000	164,784,200	111	193.00	821,799
Iowa	147,900,000	158,155,400	110	252.00	587,773
Indiana	108,750,000	116,081,100	109	191.00	588,194
Seventh District	$870,000,000	$969,209,000	111	$227.00	4,300,312

December 5— Beginning of issue of Certificates of Indebtedness in anticipation of Victory Liberty Loan.

1919

March 3— Act of Congress (H. R. 16136) approved authorizing issue of $7,000,000,000 notes in addition to bonds, Certificates of Indebtedness and war savings certificates previously authorized. Short title of Act "Victory Liberty Loan Act." Increased authorization $23,461,054,540.

April 21— Issue of Department circular No. 138 inviting subscriptions to $4,500,000,000 convertible (3¾% into 4¼% or vice versa) Gold Bonds, 1922-23.

April 21— to May 10— Victory Liberty Loan Campaign.

CERTIFICATE OF INDEBTEDNESS SALES

Date of Issue	Total Issue	Allotted to Chicago District	Rate of Interest	Date of Maturity	Subscribers
Dec. 5, 1918	$ 613,438,000	$ 97,235,500	4½	May 6, 1919	3795
Dec. 19, 1918	572,494,000	83,189,500	4½	May 20, 1919	3656
Jan. 2, 1919	751,684,500	108,647,000	4½	June 3, 1919	3542
Jan. 16, 1919	600,101,500	97,774,500	4½	June 17, 1919	3772
Jan. 30, 1919	687,381,500	103,048,500	4½	July 1, 1919	3595
Feb. 13, 1919	620,578,500	91,677,500	4½	July 15, 1919	3183
Feb. 27, 1919	532,341,500	82,044,000	4½	July 29, 1919	2732
Mar. 13, 1919	542,197,000	82,656,500	4½	Aug. 12, 1919	2544
Apr. 10, 1919	646,024,500	99,886,000	4½	Sept. 9, 1919	2926
May 1, 1919	591,308,000	109,256,500	4½	Oct. 7, 1919	2474
Total	$6,157,549,000	$953,415,500			

VICTORY LIBERTY LOAN BOND SALES

	Quota	Subscriptions	Percent Quota Subscribed	Average Subscription	Number of Subscribers	Allotments
Wisconsin	$ 75,037,500	$ 93,183,950	125	$343.00	271,338	85,034,650
Illinois	274,050,000	332,323,200	120	305.00	1,100,580	297,809,800
Michigan	110,925,000	149,444,500	135	359.00	359,378	119,209,650
Iowa	110,925,000	111,787,450	103	313.00	307,195	110,552,250
Indiana	81,562,500	85,307,450	106	356.00	228,920	81,723,650
Seventh District	$652,500,000	$772,046,550	119	$340.00	2,267,411	694,330,000

ILLINOIS' CONTRIBUTION TO LIBERTY LOAN QUOTAS FOR THE EIGHTH FEDERAL RESERVE DISTRICT

Loan	Quotas	Subscriptions	Allotments
First	$12,586,450	$ 7,732,000	$ 5,667,650
Second	14,438,500	22,119,150	21,406,550
Third	18,158,050	31,633,600	31,633,600
Fourth	40,927,000	44,296,550	44,296,550
Victory	30,366,650	33,639,950	31,975,500

STATISTICAL REFERENCE OF RESULTS FOR FIVE ISSUES OF U. S. GOVERNMENT WAR BONDS, 1917-1919

The First Liberty Loan (Invitation $2,000,000,000)
The Second Liberty Loan (Invitation $3,000,000,000)
The Third Liberty Loan (Invitation $3,000,000,000)
The Fourth Liberty Loan (Invitation $6,000,000,000)
The Victory Liberty Loan (Invitation $4,500,000,000)
The Consolidation of Five Liberty Loans (Invitation $18,500,000,000)

RECAPITULATION OF QUOTAS, SUBSCRIPTIONS, SUBSCRIBERS AND ALLOTMENTS
SEVENTH FEDERAL RESERVE DISTRICT

Report covering States of Illinois, Indiana, Iowa, Michigan and Wisconsin. Data relating to Progress in Sales within 338 Counties, situated in territory under jurisdiction of Federal Reserve Bank of Chicago, Illinois, Fiscal Agent for U. S. Treasury Department, Washington, D. C.

SALES AGENCIES		QUOTA		SUBSCRIPTIONS				SUBSCRIBERS		ALLOTMENTS	
		Total	Per Capita	Total Subscriptions	Per Capita	% of Quota Subscribed	Average Size of Subscriptions	Number of Subscribers	% of Pop. Subscribing	Total	% of Sub's Allotted
Cook County (Including Chicago)	First Loan	$ 190,000,000	$ 41.58	$ 171,212,000	$ 71.18	171.21%	$744.40	230,000	9.56%	$ 137,386,800	80.24%
Population (1910) 2,405,233	Second Loan	108,570,000	45.14	178,874,750	74.37	164.76	436.58	409,717	17.03	142,674,050	79.76
Banking Resources $1,775,000,000	Third Loan	126,180,000	52.46	165,694,300	68.89	131.32	185.72	892,190	37.09	165,694,300	100.
	Fourth Loan	252,300,000	104.90	296,752,600	123.38	117.62	233.52	1,270,760	52.83	296,752,600	100.
	Victory Loan	189,225,000	78.67	239,080,550	99.40	126.35	278.54	858,329	35.69	206,731,550	86.47
	Total	$776,275,000	$322.75	$1,051,614,200	$437.22		$287.25	3,660,996		$ 949,239,300	
Illinois (Excluding Cook Co.)	First Loan	$ 35,000,000	$ 17.01	$ 24,474,200	$ 11.90	69.93%	$489.48	50,000	2.43%	$ 22,991,500	93.94%
Northern Portion (57 Counties)	Second Loan	54,810,000	26.64	71,515,550	34.76	130.48	284.48	251,388	12.22	68,760,150	96.15
Population (1910) 2,057,215	Third Loan	52,800,000	25.67	81,967,950	39.84	155.24	156.11	525,051	25.52	81,967,950	100.
Banking Resources $595,000,000	Fourth Loan	113,100,000	54.98	127,359,400	61.91	112.61	213.94	595,304	28.94	127,359,400	100.
	Victory Loan	84,825,000	41.23	93,242,650	45.32	109.92	342.14	272,525	13.25	91,078,250	97.68
	Total	$ 340,535,000	$165.53	$ 398,559,750	$193.73		$235.24	1,694,268		$ 392,157,250	
Indiana											
Northern Portion (68 Counties)	First Loan	$ 36,000,000	$ 17.14	$ 33,366,100	$ 15.88	92.68%	$476.66	70,000	3.33%	$ 23,344,100	69.96%
Population (1910) 2,100,696	Second Loan	57,120,000	27.19	69,652,650	33.16	121.94	310.24	224,515	10.69	67,337,050	96.68
Banking Resources $605,000,000	Third Loan	53,770,000	25.60	70,832,450	33.72	131.73	175.24	404,191	19.24	70,832,450	100.
	Fourth Loan	108,750,000	51.77	115,841,400	55.14	106.52	187.31	618,441	29.44	115,841,400	100.
	Victory Loan	81,562,500	38.83	85,307,450	40.61	104.59	372.65	228,920	10.90	81,723,650	95.80
	Total	$ 337,202,500	$160.53	$ 375,000,050	$178.51		$242.55	1,546,067		$ 359,078,650	

SALES AGENCIES		QUOTA		SUBSCRIPTIONS				SUBSCRIBERS		ALLOTMENTS	
		Total	Per Capita	Total Subscriptions	Per Capita	% of Quota Subscribed	Average Size of Subscriptions	Number of Subscribers	% of Pop. Subscribing	Total	% of Sub's Allotted
Iowa	First Loan	$ 45,000,000	$ 20.23	$ 30,740,600	$ 13.82	68.31%	$512.34	60,000	2.70%	$ 23,522,850	76.52%
Entire Area of State (99 Counties)	Second Loan	74,550,000	33.51	82,922,750	37.27	111.23	287.85	288,080	12.95	79,914,700	96.37
Population (1910) 2,224,771	Third Loan	71,050,000	31.94	117,211,450	52.68	164.97	177.34	660,942	29.71	117,211,450	100.
Banking Resources $965,000,000	Fourth Loan	147,900,000	66.48	157,870,250	70.96	106.74	245.18	643,889	28.94	157,870,250	100.
	Victory Loan	110,925,000	49.86	111,787,450	50.25	100.78	306.85	364,303	16.37	110,552,250	98.90
	Total	$ 449,425,000	$202.02	$ 500,532,500	$224.98		$248.13	2,017,214		$ 489,071,500	
Michigan	First Loan	$ 50,000,000	$ 20.13	$ 61,475,100	$ 24.74	122.95%	$401.47	153,124	6.16%	$ 40,528,800	65.93%
Southern Peninsula (68 Counties)	Second Loan	74,550,000	30.01	106,094,800	42.70	142.31	271.26	391,121	15.74	95,503,950	90.02
Population (1910) 2,484,545	Third Loan	75,600,000	30.43	97,986,900	39.44	129.61	172.04	569,570	22.92	97,986,900	100.
Banking Resources $925,000,000	Fourth Loan	147,900,000	59.53	164,225,350	66.10	111.04	191.99	855,381	34.43	164,225,350	100.
	Victory Loan	110,925,000	44.65	149,444,500	60.15	134.73	415.84	359,378	14.46	119,209,650	79.77
	Total	$ 458,975,000	$184.75	$ 579,226,650	$233.13		$248.75	2,328,574		$ 517,454,650	
Wisconsin	First Loan	$ 32,000,000	$ 17.27	$ 30,296,650	$ 16.36	94.68%	$594.94	60,000	3.24%	$ 24,170,150	79.78%
Southern Portion (45 Counties)	Second Loan	50,400,000	27.21	78,221,350	42.23	155.20	319.69	244,676	13.21	73,289,450	93.69
Population (1910) 1,852,395	Third Loan	45,600,000	24.62	75,185,550	40.59	164.88	175.93	427,371	23.07	75,185,550	100.
Banking Resources $535,000,000	Fourth Loan	100,050,000	54.01	107,160,000	57.85	107.11	226.53	473,045	25.54	107,160,000	100.
	Victory Loan	75,037,500	40.51	93,183,950	50.30	124.18	340.63	273,567	14.77	85,034,650	91.25
	Total	$ 303,087,500	$163.62	$ 384,047,500	$207.33		$259.73	1,478,659		$ 364,839,800	
Seventh Federal Reserve District	First Loan	$ 298,000,000	$ 22.70	$ 351,564,650	$ 26.79	117.97%	$564.20	623,124	4.75%	*$ 271,944,200	77.35%
Six Territorial Divisions	Second Loan	420,000,000	32.00	587,281,850	44.75	139.83	324.55	1,809,497	13.79	527,479,350	89.82
338 Counties within 5 States	Third Loan	425,000,000	32.38	608,878,600	46.39	143.27	175.00	3,479,315	26.51	608,878,600	100.
Population (1910) 13,124,855	Fourth Loan	870,000,000	66.29	969,209,000	73.85	111.40	217.47	4,456,820	33.96	969,209,000	100.
Banking Resources $5,400,000,000	Victory Loan	652,500,000	49.71	772,046,550	58.82	118.32	327.55	2,357,022	17.96	* 694,330,000	89.93
	Total	$2,865,500,000	$203.08	$3,288,980,650	$250.60		$258.45	12,725,778		$3,071,841,150	

NOTE—Information covering results for the Seventh Federal Reserve District in both subscriptions and subscribers includes credits allotted by reasons of allocations.

*Forfeitures not deducted—First Loan.....$1,100
Victory Loan..... 750
Total.....$1,850

LIST OF CERTIFICATES OF INDEBTEDNESS SOLD

In the following table* is presented a complete list of the certificates of indebtedness issued from March, 1917 to September 30, 1922.

CERTIFICATES OF INDEBTEDNESS

Date of Issue	Title	Payable	Interest Rate	Amount
Mar. 31, 1917		June 29, 1917	2	$ 50,000,000
Apr. 25, 1917		June 30, 1917	3	268,205,000
May 10, 1917		July 17, 1917	3	200,000,000
May 25, 1917		July 30, 1917	3¼	200,000,000
June 8, 1917		July 30, 1917	3¼	200,000,000
Aug. 9, 1917		Nov. 15, 1917	3½	300,000,000
Aug. 28, 1917		Nov. 30, 1917	3½	250,000,000
Sept. 17, 1917		Dec. 15, 1917	3½	300,000,000
Sept. 26, 1917		Dec. 15, 1917	4	400,000,000
Oct. 18, 1917		Nov. 22, 1917	4	385,197,000
Oct. 24, 1917		Dec. 15, 1917	4	685,296,000
Nov. 30, 1917		June 25, 1918	4	691,872,000
Jan. 2, 1918		June 25, 1918	4	491,822,500
Jan. 22, 1918		Apr. 22, 1918	4	400,000,000
Feb. 8, 1918		May 9, 1918	4	500,000,000
Feb. 15, 1918		June 25, 1918	4	74,100,000
Feb. 27, 1918		May 28, 1918	4½	500,000,000
Mar. 15, 1918		June 25, 1918	4	110,962,000
Mar. 20, 1918		June 18, 1918	4½	543,032,500
Apr. 10, 1918		July 9, 1918	4½	551,226,500
Apr. 15, 1918		June 25, 1918	4	71,880,000
Apr. 22, 1918		July 18, 1918	4½	517,826,500
May 15, 1918		June 25, 1918	4	183,767,000
June 25, 1918	Series 4-A	Oct. 24, 1918	4½	839,646,500
July 9, 1918	Series 4-B	Nov. 7, 1918	4½	753,938,000
July 23, 1918	Series 4-C	Nov. 21, 1918	4½	584,750,500
Aug. 6, 1918	Series 4-D	Dec. 5, 1918	4½	575,706,500
Aug. 20, 1918	Series T-	July 15, 1919	4	157,552,500
Sept. 3, 1918	Series -E	Jan. 2, 1919	4½	639,493,000
Sept. 17, 1918	Series 4-F	Jan. 16, 1919	4½	625,216,500
Oct. 1, 1918	Series 4-G	Jan. 30, 1919	4½	641,069,000
Nov. 7, 1918	Series T-1	Mar. 15, 1919	4½	794,172,500
Dec. 5, 1918	Series 5-A	May 6, 1919	4½	613,438,000
Dec. 19, 1918	Series 5-B	May 20, 1919	4½	572,494,000
Jan. 2, 1919	Series 5-C	June 3, 1919	4½	751,684,500
Jan. 16, 1919	Series 5-D	June 17, 1919	4½	600,101,500
Jan. 16, 1919	Series T-2	June 17, 1919	4½	392,381,000
Jan. 30, 1919	Series 5-E	July 1, 1919	4½	687,381,500
Feb. 13, 1919	Series 5-F	July 15, 1919	4½	620,578,500
Feb. 27, 1919	Series 5-G	July 29, 1919	4½	532,381,500
Mar. 13, 1919	Series 5-H	Aug. 12, 1919	4½	542,197,000
Mar. 15, 1919	Series T-3	June 16, 1919	4½	407,918,500
Apr. 10, 1919	Series 5-J	Sept. 9, 1919	4½	646,025,000
May 1, 1919	Series 5-K	Oct. 7, 1919	4½	591,308,000
June 3, 1919	Series T-4	Sept. 15, 1919	4½	526,139,500
June 3, 1919	Series T-5	Dec. 15, 1919	4½	238,711,500
July 1, 1919	Series T-6	Sept. 15, 1919	4½	326,468,000
July 1, 1919	Series T-7	Dec. 15, 1919	4½	511,444,000
July 15, 1919	Series T-8	Mar. 15, 1920	4½	323,074,500
Aug. 1, 1919	Series A-1920	Jan. 2, 1920	4½	533,801,500
Aug. 15, 1919	Series B-1920	Jan. 15, 1920	4½	532,152,000
Sept. 2, 1919	Series C-1920	Feb. 2, 1920	4½	573,841,500
Sept. 15, 1919	Series T-9	Mar. 15, 1920	4¼	101,131,500
Sept. 15, 1919	Series T-10	Sept. 15, 1920	4½	657,469,000
Dec. 1, 1919	Series D-1920	Feb. 16, 1920	4¼	162,178,500
Dec. 1, 1919	Series TM3-1920	Mar. 15, 1920	4¼	260,322,000
Dec. 15, 1919	Series TJ-1920	June 15, 1920	4½	728,130,000

*Annual Report, Secretary of the Treasury, 1922, pp. 476-8

CERTIFICATES OF INDEBTEDNESS

Date of Issue	Title	Payable	Interest Rate	Amount
Jan. 2, 1920	Series TD-1920	Dec. 15, 1920	4¾	$703,026,000
Feb. 2, 1920	Series TM4-1920	Mar. 15, 1920	4½	304,877,000
Mar. 15, 1920	Series TM-1921	Mar. 15, 1921	4¾	201,370,500
Apr. 1, 1920	Series E-1920	July 1, 1920	4¾	200,669,500
Apr. 15, 1920	Series F-1920	July 15, 1920	5	83,903,000
Apr. 15, 1920	Series G-1920	Oct. 15, 1920	5¼	170,633,500
May 17, 1920	Series H-1920	Nov. 15, 1920	5½	102,865,000
June 15, 1920	Series A-1921	Jan. 3, 1921	5¾	176,604,000
June 15, 1920	Series TJ-1921	June 15, 1921	6	242,517,000
July 15, 1920	Series B-1921	Jan. 15, 1921	5¾	126,783,500
July 15, 1920	Series TM2-1921	Mar. 15, 1921	5¾	74,278,000
Aug. 16, 1920	SeriesC-1921	Aug. 16, 1921	6	157,654,500
Sept. 15, 1920	Series TM3-1921	Mar. 15, 1921	5¾	106,626,500
Sept. 15, 1920	Series TS-1921	Sept. 15, 1921	6	341,969,500
Oct. 15, 1920	Series TM4-1921	Mar. 15, 1921	5¾	124,252,500
Nov. 15, 1920	Series D-1921	May 16, 1921	5¾	232,124,000
Dec. 15, 1920	Series TJ2-1921	June 15, 1921	5¾	188,123,000
Dec. 15, 1920	Series TD-1921	Dec. 15, 1921	6	401,557,500
Jan. 15, 1921	Series E-1921	Apr. 15, 1921	5½	118,660,000
Jan. 15, 1921	Series F-1921	Oct. 15, 1921	5¾	192,026,500
Feb. 15, 1921	Series G-1921	July 15, 1921	5½	132,886,500
Mar. 15, 1921	Series TS-1921	Sept. 15, 1921	5½	193,302,000
Mar. 15, 1921	Series TM2-1922	Mar. 15, 1922	5¾	288,501,000
Apr. 15, 1921	Series H-1921	Oct. 15, 1921	5½	190,511,500
May 16, 1921	Series A-1922	Feb. 16, 1922	5½	256,170,000
June 15, 1921	Series TJ-1922	June 15, 1922	5½	314,184,000
Aug. 1, 1921	Series B-1922	Aug. 1, 1922	5½	259,471,500
Aug. 1, 1921	Series TM2-1922	Mar. 15, 1922	5¼	116,891,000
Sept. 15, 1921	Series TM3-1922	Mar. 15, 1922	5	124,572,000
Sept. 15, 1921	Series TS-1922	Sept. 15, 1922	5¼	182,871,000
Nov. 1, 1921	Series C-1922	Apr. 1, 1922	4¼	51,796,000
Nov. 1, 1921	Series TS2-1922	Sept. 15, 1922	4½	179,691,500
Dec. 15, 1921	Series TJ2-1922	June 15, 1922	4¼	64,903,000
Dec. 15, 1921	Series TD-1922	Dec. 15, 1922	4½	243,544,000
Mar. 15, 1922	Series TM-1923	Mar. 15, 1923	4¼	266,250,000
Apr. 15, 1922	Series D-1922	Oct. 16, 1922	3½	150,000,000
June 1, 1922	Series TD2-1922	Dec. 15, 1922	3½	200,000,000
June 15, 1922	Series TJ-1923	June 15, 1923	3¾	273,000,000
Sept. 15, 1922	Series TS-1923	Sept. 15, 1923	3¾	227,000,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—JANUARY TO MAY, 1918.

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Boone County—Director Sales, G. M. Marshall, Belvidere.							
Farmers State Bank	Belvidere	.....	25,000	25,000	20,000	.....	10,000
First National Bank	Belvidere	.....	10,000	15,000	13,000	10,000	10,000
Peoples Bank	Belvidere	.....	10,000	10,000	21,000	.....	10,000
Second National Bank	Belvidere	15,000	.....	12,000	22,000	15,000	20,000
Caledonia National Bank	Caledonia	1,000	1,000	1,000	1,000	1,000	5,000
Capron Bank	Capron	.....	20,000	.....	.....	.....	.....
Poplar Grove Bank	Poplar Grove	.....	2,000	2,000	.....	5,000	5,000
Bureau County—Director Sales, C. H. Coll, Princeton.							
Arlington State Bank	Arlington	.....	.....	.....	.....	.....	.....
Citizens State Bank	Buda	.....	.....	.....	.....	10,000	.....
Lindner & Boyden	Buda	.....	.....	.....	.....	1,000	.....
State Bank of Cherry	Cherry	.....	.....	.....	.....	.....	.....
Depue State Bank	Depue	.....	.....	.....	25,000	25,000	.....
Farmers & Miners Bank	Ladd	.....	.....	4,500	5,000	.....	10,000
Norris & Kendall	Lamoille	.....	.....	.....	13,000	.....	.....
Farmers & Traders State Bank	Malden	.....	.....	.....	.....	.....	.....
First State Bank	Manlius	.....	.....	3,000	12,000	.....	.....
First National Bank	Manlius	.....	.....	.....	2,500	.....	.....
E. J. Ely & Co., Bankers	Mineral	.....	.....	1,000	1,000	.....	.....
W. E. Whaples & Co	Neponset	.....	.....	.....	.....	.....	.....
Farmers National Bank	New Bedford	.....	.....	.....	1,000	.....	.....
First State Bank	Ohio	.....	10,000	10,000	10,000	.....	.....
Citizens National Bank	Princeton	30,000	.....	90,000	20,000	50,000	30,000
Farmers National Bank	Princeton	.....	.....	6,000	20,000	50,000	15,000
First National Bank	Princeton	.....	.....	10,000	22,000	25,000	.....
First State Bank	Princeton	.....	.....	10,000	35,000	25,000	20,000
Seatonville State Bank	Seatonville	.....	.....	.....	10,000	.....	5,000
Farmers State Bank	Sheffield	.....	5,000	5,000	5,000	5,000	5,000
Spring Valley City Bank	Spring Valley	5,000	4,000	4,000	6,000	5,000	5,000

EXPLANATION

* Before amount indicates subscription received too late for allotment, and returned.
† Before amount indicates subscription allotted in part.
N. B.—Subscriptions to Tax Anticipation Certificates not listed in this book.

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Bureau County—Continued.							
Bank of Tiskilwa	Tiskilwa	.....	3,000	3,000	5,000	10,000	10,000
First State Bank	Tiskilwa	5,000	.....	15,000	4,000	3,000	.....
Citizens Bank	Walnut	.....	5,000	10,000	5,000	.....	5,000
Walnut Bank	Walnut	.....	.....	.....	20,000	.....	.....
Bank of Wyanet	Wyanet	.....	.....	.....	.....	1,000	.....
First National Bank	Wyanet	5,000	5,000	.....	.....	.....	5,000
Carroll County—Director Sales, J. S. Miles, Mt. Carroll.							
Farmers State Bank	Chadwick	.....	3,000	6,000	12,000	3,000	.....
First National Bank	Chadwick	10,000	4,000	4,000	.....	.....	5,000
Exchange State Bank	Lanark	.....	.....	5,000	10,000	30,000	.....
First National Bank	Lanark	20,000	10,000	15,000	5,000	.....	20,000
Shumway State Bank	Milledgeville	.....	5,000	5,000	13,000	10,000	5,000
Carroll County State Bank	Mount Carroll	.....	5,000	10,000	10,000	25,000	15,000
First National Bank	Mount Carroll	15,000	10,000	10,000	16,000	19,000	15,000
Commercial State Bank	Savanna	.....	10,000	10,000	10,000	10,000	20,000
First National Bank	Savanna	5,000	5,000	15,000	2,000	.....	10,000
Savanna State Bank	Savanna	5,000	5,000	5,000	.....	.....	.....
State Bank of Shannon	Shannon	20,000	.....	15,000	10,000	10,000	5,000
Thomson Bank	Thomson	.....	10,000	5,000	5,000	.....	.....
Thompson Bank	Argo-Fay	.....	.....	.....	.....	.....	.....
Cass County—Director Sales, Matt. Yaple, Virginia.							
Farmers & Merchants State Bank	Arenzville	.....	.....	.....	1,000	.....	.....
First National Bank	Arenzville	.....	.....	15,000	15,000	10,000	.....
J. W. Nickel	Arenzville	.....	.....	500	.....	.....	.....
Bank of Skiles, Rearick & Co	Ashland	.....	.....	10,000	10,000	20,000	.....
Farmers State Bank	Ashland	.....	.....	.....	.....	.....	.....
First National Bank	Beardstown	15,000	10,000	20,000	15,000	30,000	30,000
First State Bank	Beardstown	10,000	10,000	5,000	15,000	15,000	.....
Beardstown State Bank	Beardstown	.....	.....	.....	.....	.....	.....
Peoples State Bank	Chandlerville	.....	.....	.....	.....	3,000	.....
State Bank of Chandlerville	Chandlerville	.....	.....	4,500	10,000	10,000	.....
Centennial National Bank	Virginia	.....	.....	.....	.....	5,000	.....
Peoples Bank	Virginia	.....	.....	.....	15,000	.....	.....
Petefish, Skiles & Co	Virginia	.....	.....	.....	25,000	19,000	20,000
Champaign County—Director Sales, C. L. Maxwell, Champaign.							
Bondville Bank	Bondville	.....	5,000	10,000	5,000	.....	.....
Bank of Broadlands	Broadlands	.....	.....	.....	.....	.....	.....
Citizens State Bank	Champaign	.....	10,000	58,000	102,500	10,000	20,000
Commercial Bank	Champaign	.....	.....	.....	10,000	.....	.....
Champaign National Bank	Champaign	.....	.....	5,000	15,000	10,000	.....
First National Bank	Champaign	50,000	50,000	80,000	32,000	50,000	50,000
First University Bank	Champaign	.....	.....	.....	1,000	.....	.....
Illini Bank	Champaign	.....	.....	.....	.....	.....	.....
Illinois Trust & Savings Bank	Champaign	.....	10,000	5,000	.....	5,000	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Champaign County—Continued.							
Trevett-Mattis Banking Co	Champaign	.....	10,000	30,000	40,000	55,000	25,000
Dewey Bank	Dewey	.....	2,000	.....	1,000	2,000	.....
First State Bank	Fisher	.....	.....	.....	.....	.....	.....
Fisher Bank	Fisher	.....	.....	.....	.....	1,000	.....
Bank of Foosland	Foosland	.....	.....	.....	2,500	5,000	2,500
Morse State Bank	Gifford	.....	3,000	3,500	4,500	5,000	5,000
Citizens Bank	Homer	.....	.....	.....	.....	.....	.....
Raynor & Baab	Homer	3,000	.....	.....	†21,000	4,000	.....
First National Bank	Ivesdale	.....	4,000	5,000	2,000	5,000	.....
Longview Bank	Longview	.....	.....	.....	.....	.....	.....
Bank of Ludlow	Ludlow	.....	.....	.....	.....	.....	.....
Home Bank	Mahomet	.....	.....	.....	.....	.....	.....
Mahomet Bank	Mahomet	.....	.....	.....	1,000	.....	.....
First National Bank	Ogden	5,000	5,000	3,000	2,000	.....	5,000
Ogden Bank	Ogden	.....	.....	.....	.....	.....	.....
Bank of Penfield	Penfield	.....	2,000	2,000	2,000	.....	.....
Bank of Pesotum	Pesotum	.....	.....	.....	5,000	.....	.....
Farmers & Merchants Bank	Pesotum	.....	.....	.....	11,000	.....	.....
Philo Commercial Bank	Philo	.....	.....	.....	2,000	.....	.....
Philo Exchange Bank	Philo	.....	4,000	.....	6,000	5,000	.....
Commercial Bank	Rantoul	.....	.....	.....	3,000	2,500	2,000
First National Bank	Rantoul	.....	.....	20,000	.....	.....	.....
Fowler Bank	Rantoul	.....	1,000	.....	6,000	.....	.....
Royal Bank	Royal	.....	1,000	1,500	1,500	.....	2,500
Bank of Sadorus	Sadorus	.....	2,000	2,500	3,000	.....	1,000
Farmers First State Bank	Sadorus	.....	2,000	2,500	3,000	.....	.....
Exchange Bank	St. Joseph	.....	.....	.....	2,500	.....	.....
St. Joseph Bank	St. Joseph	.....	.....	.....	4,000	2,000	.....
Dighton & Hetishee	Seymour	.....	1,000	.....	2,500	2,500	2,500
State Bank of Sidney	Sidney	.....	.....	.....	1,000	4,000	.....
Winstons Bank	Sidney	.....	.....	.....	1,000	.....	.....
First National Bank	Thomasboro	.....	.....	15,000	15,000	.....	.....
O. J. Derrough	Thomasboro	.....	.....	.....	3,500	.....	.....
Bank of Tolono	Tolono	.....	16,000	.....	8,000	.....	.....
Citizens Bank	Tolono	.....	.....	.....	.....	.....	.....
Bussey's State Bank	Urbana	.....	.....	10,000	40,000	15,000	10,000
First National Bank	Urbana	.....	.....	6,000	.....	10,000	5,000
First State Trust & Savings Bank	Urbana	.....	.....	.....	3,000	.....	.....
Urbana Banking Co	Urbana	.....	.....	24,000	10,000	50,000	.....
Christian County.							
First National Bank	Assumption	.....	10,000	.....	10,000	.....	.....
Illinois State Bank	Assumption	.....	.....	7,000	.....	.....	.....
Citizens State Bank	Edinburg	.....	3,000	.....	3,000	4,000	.....
Turner State Bank	Edinburg	.....	.....	.....	3,000	.....	5,000
Grove City Bank	Grove City	.....	.....	.....	1,000	.....	.....
Farmers State Bank	Bulpitt	.....	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Christian County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Kincaid Trust & Savings Bank	Kincaid	.....	.....	.....	.....	.....	.....
Farmers State Bank	Morrisonville	.....	.....	.....	.....	.....	.....
First National Bank	Morrisonville	.....	.....	10,000	.....	.....	.....
Louis Johnson & Sons, Bankers	Morrisonville	.....	.....	.....	.....	1,000	.....
First National Bank	Mt. Auburn	.....	.....	5,000	.....	.....	.....
Mt. Auburn State Bank	Mt. Auburn	.....	2,000	13,000	.....	.....	.....
Eaton State Bank	Owaneco	.....	1,000	.....	5,000	.....	.....
Palmer State Bank	Palmer	.....	3,000	.....	.....	.....	.....
Pana National Bank	Pana	.....	5,000	1,000	10,000	10,000	.....
H. N. Schuyler State Bank	Pana	15,000	25,000	10,000	50,000	.....	15,000
Bank of Rosemond	Rosemond	.....	.....	.....	.....	.....	.....
Peoples Bank	Rosemond	.....	.....	3,000	.....	.....	.....
Farmers State Bank	Stonington	.....	.....	.....	.....	.....	1,000
First National Bank	Stonington	.....	.....	.....	5,000	.....	.....
John B. Colegrove & Co	Taylorville	.....	.....	.....	5,000	.....	.....
Farmers National Bank	Taylorville	.....	.....	35,000	20,000	.....	.....
First National Bank	Taylorville	.....	10,000	30,000	35,000	.....	.....
Taylorville National Bank	Taylorville	.....	10,000	.....	10,000	.....	.....
E. R. Atterberry	Taylorville	.....	.....	.....	.....	.....	500
H. N. Vandeveer	Taylorville	.....	30,000	150,000	150,000	.....	.....
Bank of Humphrey	Tovey	.....	.....	.....	.....	.....	.....
Clark County—Director Sales, F. W. Greenough, Marshall.							
Casey National Bank	Casey	10,000	15,000	15,000	10,000	1,500	.....
Eagle Bank	Casey	.....	.....	.....	.....	5,000	.....
First National Bank	Casey	5,000	10,000	10,000	15,000	10,000	10,000
Dulaney National Bank	Marshall	25,000	10,000	11,000	10,000	10,000	.....
Marshall State Bank	Marshall	.....	5,000	.....	.....	10,000	10,000
First National Bank	Martinsville	.....	3,000	5,000	5,000	.....	5,000
Martinsville State Bank	Martinsville	5,000	.....	5,000	2,500	.....	.....
First National Bank	Westfield	.....	.....	.....	.....	25,000	.....
Farmers & Merchants Bank	West Union	.....	.....	.....	.....	1,000	.....
Coles County—Director Sales, Fred Grant, Mattoon.							
Corn Exchange Bank	Ashmore	.....	.....	10,000	.....	5,000	.....
Charleston Trust & Savings Bank	Charleston	.....	5,000	5,000	6,000	5,000	5,000
First National Bank	Charleston	.....	11,000	19,000	40,000	10,000	10,000
Second National Bank	Charleston	.....	8,000	8,000	8,000	8,000	8,000
First National Bank	Humboldt	.....	2,000	2,000	2,000	6,000	2,000
First National Bank	Lerna	15,000	5,000	2,000	2,000	5,000	11,000
Central Ill. Trust & Savings Bank	Mattoon	.....	7,000	.....	10,000	15,000	.....
National Bank of Mattoon	Mattoon	25,000	22,000	22,000	36,500	35,000	25,000
State National Bank	Mattoon	15,000	8,000	8,000	59,000	24,000	20,000
Citizens Bank	Oakland	.....	.....	.....	1,000	1,000	1,000
Oakland National Bank	Oakland	2,000	.....	.....	500	.....	.....
Rardin Bank	Rardin	.....	.....	1,000	3,000	2,000	1,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Cook County—Director Sales, John W. Gorby.							
Aetna State Bank	Chicago	.....	10,000	10,000	.....	15,000	10,000
Adams State Bank	Chicago	.....	2,000	2,000	.....	6,000	5,000
American State Bank	Chicago	.....	5,000	10,000	.....	5,000	.....
Atlas Exchange National Bank	Chicago	.....	7,000	.....	.....	.....	.....
Auburn State Bank	Chicago	.....	5,000	.....	.....	.....	.....
Austin National Bank	Chicago	.....	5,000	.....	5,000	5,000	.....
Austin Savings Bank	Chicago	.....	2,000	2,000	3,000	3,000	.....
Austin State Bank	Chicago	40,000	.....	31,000	30,000	31,500	40,000
Banca Schiavonne	Chicago	.....	.....	.....	1,000	.....	.....
John I. Bagdziunas Savings Bank	Chicago	.....	2,000	.....	.....	.....	.....
Bank of Calumet	Chicago	.....	.....	.....	.....	.....	.....
Bank of Montreal	Chicago	.....	.....	.....	.....	.....	.....
Bank of Nova Scotia	Chicago	.....	.....	.....	.....	.....	.....
Blue Island Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
Bowmanville National Bank	Chicago	.....	10,000	5,000	.....	5,000	5,000
Calumet National Bank	Chicago	.....	19,000	19,000	19,000	19,000	25,000
Calumet Trust & Savings Bank	Chicago	.....	2,000	29,000	4,000	4,000	4,000
Capital State Savings Bank	Chicago	.....	5,000	5,000	10,000	.....	.....
Central Hyde Park Bank	Chicago	.....	3,000	.....	.....	.....	.....
Central Mfg. District Bank	Chicago	.....	10,000	.....	25,000	40,000	50,000
Central Trust Co. of Illinois	Chicago	515,000	500,000	250,000	557,000	1,010,000	500,000
Century Trust & Savings Bank	Chicago	.....	.....	.....	1,000	5,000	1,000
Chicago Avenue Savings Bank	Chicago	.....	2,000	.....	.....	.....	.....
Chicago City Bank & Trust Co	Chicago	25,000	15,000	30,000	30,000	30,000	30,000
Chicago Exchange Bank	Chicago	.....	.....	.....	.....	.....	.....
Chicago Savings Bank & Trust Co	Chicago	100,000	100,000	200,000	200,000	202,000	200,000
Citizens State Bank of Lakeview	Chicago	.....	15,000	.....	.....	.....	.....
Citizens Trust & Savings Bank	Chicago	.....	3,000	.....	.....	.....	5,000
City State Bank	Chicago	.....	.....	.....	1,000	.....	.....
Commercial Savings Bank	Chicago	.....	2,000	.....	.....	.....	.....
Commonwealth Savings Bank	Chicago	.....	2,000	.....	1,000	1,000	1,000
Continental & Commercial National Bank	Chicago	2,000,000	2,685,000	†3,500,000	3,000,000	3,527,000	3,502,500
Continental & Commercial Trust & Savings Bank	Chicago	406,000	425,000	400,000	400,000	800,000	650,000
Corn Exchange National Bank	Chicago	500,000	540,000	1,000,000	1,510,000	730,000	1,000,000
Cosmopolitan State Bank	Chicago	.....	.....	50,000	75,000	.....	.....
Cottage Grove Bank	Chicago	.....	1,000	.....	2,000	2,000	.....
Depositors State & Savings Bank	Chicago	.....	5,000	15,000	17,000	15,000	15,000
Dressel Commercial & Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
Drexel State Bank	Chicago	20,000	20,000	30,000	30,000	60,000	140,000
Drovers National Bank	Chicago	100,000	100,000	†200,000	200,000	100,000	200,000
Drovers Trust & Savings Bank	Chicago	.....	25,000	25,000	25,000	25,000	50,000
Edgewater State Bank	Chicago	.....	.....	.....	.....	.....	.....
H. Elenbogen & Co	Chicago	.....	.....	.....	.....	.....	.....
Englewood State Bank	Chicago	.....	20,000	*21,000	24,000	20,000	10,000
First National Bank	Chicago	1,000,000	2,020,000	†5,018,000	4,680,000	4,100,000	4,537,000
First Trust & Savings Bank	Chicago	729,000	781,000	†1,291,500	1,632,000	2,700,000	1,025,000
First National Bank of Englewood	Chicago	.....	.....	.....	.....	.....	.....
Foreman Bros. Banking Co	Chicago	200,000	100,000	200,000	200,000	200,000	300,000

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Cook County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Fort Dearborn National Bank	Chicago	501,000	500,000	500,000	500,000	500,000	500,000
Ft. Dearborn Trust & Savings Bank	Chicago	.....	.....	.....	.....	50,000	.....
Franklin Trust & Savings Bank	Chicago	.....	20,000	20,000	30,000	.....	30,000
Fullerton-Southport State Savings Bank	Chicago	.....	5,000	5,000	.....	.....	.....
Garfield Park State Savings Bank	Chicago	.....	18,000	10,000	20,000	10,000	10,000
Grecnebaum Sons Bank & Trust Co	Chicago	.....	50,000	50,000	.....	50,000	50,000
Guarantee Trust & Savings Bank	Chicago	.....	5,000	2,500	2,500	2,500	2,500
Halsted Street State Bank	Chicago	.....	.....	.....	5,000	.....	10,000
Harris Trust & Savings Bank	Chicago	119,000	320,000	600,000	600,000	600,000	900,000
Hibernian Banking Assn	Chicago	.....	100,000	150,000	100,000	500,000	600,000
Highlands State Bank	Chicago	.....	.....	.....	.....	.....	.....
Hill State Bank	Chicago	.....	.....	.....	1,000	.....	.....
Home Bank & Trust Co	Chicago	10,000	.....	5,000	5,000	.....	35,000
Humboldt State Bank	Chicago	5,000	.....	2,000	2,000	5,000	5,000
Hyde Park State Bank	Chicago	25,000	20,000	20,000	20,000	20,000	20,000
Illinois State Bank	Chicago	.....	5,000	5,000	5,000	5,000	.....
Illinois Trust & Savings Bank	Chicago	10,000	1,010,000	1,007,500	525,000	1,000,000	1,000,000
Immel & Sons Bank	Chicago	.....	1,000	.....	.....	1,000	.....
Independence State Bank	Chicago	.....	7,000	.....	.....	40,000	.....
Hegewisch Savings Bank	Chicago	.....	.....	3,000	.....	.....	.....
Inter-State National Bank of Hegewisch	Chicago	.....	3,000	.....	3,000	.....	5,000
Irving Park National Bank	Chicago	5,000	10,000	15,000	30,000	30,000	30,000
Jefferson Park National Bank	Chicago	.....	5,000	15,000	15,000	15,000	.....
Kaspar State Bank	Chicago	20,000	25,000	50,000	25,000	40,000	50,000
Kensington Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
Kenwood Trust & Savings Bank	Chicago	20,000	10,000	.....	.....	20,000	100,000
Raymond G. Kimball & Co	Chicago	.....	5,000	10,000	10,000	.....	.....
Kirchman Savings Bank	Chicago	.....	5,000	.....	5,000	5,000	.....
Kowalewski Bros., Bankers	Chicago	.....	4,000	.....	.....	.....	.....
Krause State Savings Bank	Chicago	.....	.....	.....	3,000	3,000	10,000
Lake View State Bank	Chicago	.....	5,000	.....	5,000	.....	.....
Lake View Trust & Savings Bank	Chicago	.....	.....	10,000	10,000	10,000	10,000
Lawndale National Bank	Chicago	10,000	10,000	25,000	30,000	25,000	35,000
Citizens State Bank of Lake View	Chicago	.....	15,000	.....	.....	.....	.....
Lawndale State Bank	Chicago	10,000	10,000	10,000	12,000	10,000	10,000
Liberty Trust & Savings Bank	Chicago	10,000	10,000	10,000	15,000	15,000	15,000
Lincoln State Bank	Chicago	.....	5,000	.....	.....	.....	.....
Lincoln Trust & Savings Bank	Chicago	.....	.....	.....	10,000	.....	.....
Live Stock Exchange National Bank	Chicago	100,000	200,000	†500,000	250,000	350,000	650,000
Logan Square Trust & Savings Bank	Chicago	.....	5,000	.....	.....	.....	20,000
Madison & Kedzie State Bank	Chicago	.....	10,000	10,000	.....	10,000	.....
Market Trust & Savings Bank	Chicago	.....	5,000	.....	.....	15,000	20,000
Marquette Park State Bank	Chicago	.....	.....	.....	500	.....	.....
Mechanics & Traders State Bank	Chicago	10,000	8,000	50,000	.....	.....	.....
Mercantile Trust & Savings Bank	Chicago	50,000	25,000	80,000	50,000	50,000	50,000
Merchants Bank	Chicago	.....	.....	.....	.....	.....	.....
Merchants Exchange Bank	Chicago	.....	.....	.....	1,000	.....	.....
Merchants Loan & Trust Co	Chicago	936,000	1,000,000	2,000,000	2,500,000	2,000,000	2,000,000
Metropolitan State Bank	Chicago	.....	.....	.....	.....	.....	.....
Michigan Avenue Trust Co	Chicago	.....	5,000	10,000	25,000	25,000	25,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Cook County—Continued.							
Mid-City Trust & Savings Bank	Chicago	30,000	.....	30,000	40,000	10,000	50,000
Chicago Morris Plan Bank	Chicago	.....	.....	.....	.....	.....	.....
Millard Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
Mutual National Bank	Chicago	.....	1,000	.....	1,000	1,000	1,000
National Bank of the Republic	Chicago	510,000	340,000	1,014,500	750,000	600,000	751,500
National City Bank	Chicago	400,000	375,000	750,000	475,000	450,000	700,000
National Produce Bank	Chicago	25,000	30,000	25,000	30,000	20,000	50,000
Noel State Bank	Chicago	.....	15,000	75,000	75,000	55,000	50,000
North Avenue State Bank	Chicago	.....	17,000	.....	.....	33,000	.....
Northern Trust Co. Bank	Chicago	250,000	200,000	300,000	535,000	1,000,000	500,000
North Side State Savings Bank	Chicago	.....	10,000	10,000	10,000	10,000	10,000
North-Western Trust & Savings Bank	Chicago	25,000	25,000	50,000	.....	25,000	50,000
Ogden Avenue State Bank	Chicago	.....	.....	5,000	.....	.....	.....
Peoples Stock Yards State Bank	Chicago	20,000	30,000	50,000	25,000	25,000	25,000
Peoples Trust & Savings Bank	Chicago	25,000	25,000	105,000	100,000	100,000	100,000
Phillip State Bank	Chicago	.....	5,000	5,000	10,000	.....	.....
Pioneer State Savings Bank	Chicago	.....	3,000	7,000	10,000	.....	.....
Pullman Trust & Savings Bank	Chicago	.....	.....	.....	.....	50,000	.....
Ravenswood National Bank	Chicago	.....	5,000	.....	.....	.....	†20,000
Reliance State Bank	Chicago	10,000	5,000	.....	.....	.....	.....
Rogers Park National Bank	Chicago	.....	5,000	10,000	.....	20,000	10,000
Roseland State Savings Bank	Chicago	.....	.....	.....	.....	25,000	.....
Schiff & Co. State Bank	Chicago	25,000	.....	.....	2,000	2,000	25,000
Second Security Bank	Chicago	10,000	20,000	40,000	20,000	25,000	20,000
Security Bank	Chicago	20,000	40,000	80,000	40,000	50,000	40,000
Sheridan Trust & Savings Bank	Chicago	25,000	5,000	.....	15,000	.....	25,000
Sixty-third Street Bank	Chicago	.....	.....	.....	.....	.....	.....
Sixty-third & Halsted State Savings Bank	Chicago	.....	1,000	.....	.....	.....	.....
South Chicago Savings Bank	Chicago	.....	25,000	25,000	25,000	25,000	25,000
South Side Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
South Side State Bank	Chicago	.....	5,000	.....	15,000	5,000	.....
Southwest State Bank	Chicago	5,000	1,000	2,000	4,000	5,000	3,000
Southwest Trust & Savings Bank	Chicago	.....	.....	3,000	.....	5,000	.....
Standard Trust & Savings Bank	Chicago	50,000	50,000	100,000	100,000	125,000	105,000
State Bank of Chicago	Chicago	200,000	370,000	203,000	250,000	300,000	700,000
State Bank of Clearing	Chicago	.....	2,000	1,500	2,000	1,500	2,000
State Bank of West Pullman	Chicago	.....	5,000	3,000	.....	.....	.....
State Commercial and Savings Bank	Chicago	.....	1,000	.....	.....	.....	.....
Stockmens Trust & Savings Bank	Chicago	.....	5,000	5,000	5,000	5,000	5,000
Stock Yards Savings Bank	Chicago	20,000	45,000	45,500	.....	25,000	45,000
Stony Island Trust & Savings Bank	Chicago	.....	2,000	2,000	2,000	2,000	.....
Twelfth Street Savings Bank	Chicago	.....	.....	.....	.....	.....	.....
Union Bank of Chicago	Chicago	.....	.....	.....	10,000	10,000	10,000
Union Bank of South Chicago	Chicago	.....	1,000	.....	2,000	.....	.....
Union Trust Company	Chicago	250,000	500,000	251,000	500,000	550,000	650,000
United State Bank	Chicago	5,000	.....	.....	5,000	5,000	.....
Universal State Bank	Chicago	.....	7,000	.....	.....	.....	.....
Wachowski Savings Bank	Chicago	.....	.....	2,000	2,000	2,000	.....
Washington Park National Bank	Chicago	15,000	15,000	30,000	30,000	30,000	15,000
West Englewood Ashland State Bank	Chicago	10,000	.....	.....	.....	.....	.....
West Side National Bank	Chicago	.....	7,000	.....	.....	.....	5,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Cook County—Continued.							
West Side Trust & Savings Bank	Chicago	.....	30,000	*30,000	70,000	50,000	40,000
West Town State Bank	Chicago	.....	.....	.....	5,000	10,000	.....
Woodlawn Trust & Savings Bank	Chicago	20,000	30,000	30,000	40,000	40,000	45,000
Wiersema State Bank	Chicago	10,000	15,000	20,000	10,000	10,000	10,000
Individual Subscriptions	Chicago	16,000	1,258,000	819,000	767,000	209,500	93,500
Argo State Bank	Argo	.....	.....	.....	.....	.....	5,000
Arlington Heights State Bank	Arlington Heights	.....	3,000	.....	.....	.....	.....
Peoples State Bank	Arlington Heights	.....	3,000	.....	.....	.....	.....
First State Bank	Barrington	.....	.....	1,000	1,000	1,000	1,000
Bartlett State Bank	Bartlett	.....	.....	.....	.....	.....	.....
Bellwood State Bank	Bellwood	.....	.....	.....	.....	.....	.....
Berwyn State Bank	Berwyn	.....	5,000	.....	.....	.....	.....
Twelfth Street State Bank	Berwyn	.....	.....	.....	.....	.....	.....
Blue Island State Bank	Blue Island	.....	.....	.....	10,000	.....	.....
Commercial Bank	Blue Island	.....	20,000	15,000	15,000	15,000	15,000
Brookfield State Bank	Brookfield	.....	2,000	.....	.....	.....	.....
Commercial Bank	Chicago Heights	.....	5,000	5,000	10,000	.....	.....
First National Bank	Chicago Heights	25,000	10,000	10,000	10,000	.....	25,000
First State Bank	Chicago Heights	.....	15,000	15,000	.....	15,000	.....
Baker & Son Savings Bank	Cicero	.....	2,000	.....	.....	.....	.....
Cicero State Bank	Cicero	.....	5,000	5,000	10,000	10,000	.....
Kirchman State Bank	Cicero	5,000	5,000	10,000	5,000	10,000	10,000
Morton Park State Bank	Cicero	.....	.....	3,000	3,000	1,000	.....
Pinkert State Bank	Cicero	.....	2,000	.....	.....	.....	.....
Des Plaines State Bank	Des Plaines	.....	8,000	.....	5,000	.....	.....
First National Bank	Des Plaines	.....	5,000	2,500	.....	.....	.....
First National Bank	Dolton	.....	5,000	5,000	10,000	.....	.....
City National Bank	Evanston	1,000	25,000	†75,000	100,000	.....	100,000
Evanston Trust & Savings Bank	Evanston	.....	6,000	.....	.....	.....	10,000
State Bank of Evanston	Evanston	100,000	100,000	50,000	100,000	150,000	100,000
A. E. Butler	Evanston	.....	.....	40,000	.....	.....	.....
Howard Butler	Evanston	.....	.....	14,000	.....	.....	.....
Forest Park State Bank	Forest Park	.....	.....	.....	2,000	.....	.....
Harlem State Savings Bank	Forest Park	10,000	.....	.....	20,000	.....	10,000
A. Roos & Sons, Bankers	Forest Park	.....	.....	.....	.....	.....	.....
Franklin Park State Bank	Franklin Park	.....	3,000	.....	.....	.....	.....
Glencoe State Bank	Glencoe	.....	.....	.....	.....	1,000	.....
Bank of Harvey	Harvey	.....	6,000	.....	.....	.....	.....
First National Bank	Harvey	.....	.....	.....	10,000	10,000	.....
Whiting Foundry & Equipment Co	Harvey	.....	.....	.....	.....	.....	125,000
Homewood State Bank	Homewood	.....	2,000	.....	.....	.....	.....
LaGrange State Bank	LaGrange	.....	.....	.....	.....	20,000	.....
LaGrange Trust & Savings Bank	LaGrange	15,000	8,000	6,000	6,000	6,000	15,000
Lansing State Bank	Lansing	10,000	3,000	.....	.....	.....	.....
Lemont City Bank	Lemont	.....	1,000	1,000	.....	.....	.....
German-American State Bank	Matteson	.....	.....	.....	.....	.....	.....
Maywood State Bank	Maywood	.....	10,000	5,000	10,000	.....	.....
Maywood Trust & Savings Bank	Maywood	.....	3,000	.....	.....	.....	.....
Proviso State Bank	Maywood	.....	1,000	1,000	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Cook County—Continued.							
Citizens State Bank	Melrose Park	.....	.....	.....	.....	1,000	.....
Melrose Park State Bank	Melrose Park	5,000	.....	5,000	3,000	.....	5,000
Morton Grove Trust & Savings Bank	Morton Grove	.....	.....	2,000	.....	.....	.....
Mount Prospect National Bank	Mt. Prospect	.....	1,000	1,000	1,000	1,000	.....
Niles Center State Bank	Niles Center	.....	.....	.....	.....	.....	5,000
Austin Ave. Trust & Savings Bank	Oak Park	.....	.....	.....	.....	.....	.....
Avenue State Bank	Oak Park	102,000	13,000	13,000	13,000	25,000	100,000
Oak Park Trust & Savings Bank	Oak Park	.....	20,000	.....	.....	.....	2,000
State Bank of Oak Park	Oak Park	.....	5,000	5,000	5,000	.....	.....
Suburban Trust & Savings Bank	Oak Park	.....	5,000	.....	2,000	.....	.....
Twelfth St. Bank	Oak Park	.....	.....	.....	3,000	1,000	.....
Palatine Bank	Palatine	.....	3,000	.....	.....	.....	.....
Park Ridge State Bank	Park Ridge	.....	.....	.....	.....	4,000	4,000
First Trust & Savings Bank	Riverdale	.....	.....	.....	500	500	1,000
River Forest State Bank	River Forest	3,000	3,000	5,000	5,000	.....	.....
Riverside State Bank	Riverside	.....	6,000	.....	.....	5,000	.....
Farmers Bank	Schaumberg	.....	2,000	.....	.....	.....	.....
Shermerville State Bank	Shermerville	.....	1,000	2,000	.....	.....	3,000
South Holland Trust & Savings Bank	South Holland	.....	2,000	6,500	10,000	.....	.....
Summit State Bank	Summit	.....	.....	.....	.....	.....	.....
Thornton Bank	Thornton	.....	.....	.....	.....	500	500
Bremen State Bank	Tinley Park	.....	2,000	2,000	2,000	.....	.....
Western Springs State Bank	Western Springs	.....	.....	.....	1,000	1,000	.....
West Hammond Trust & Savings Bank	West Hammond	.....	.....	.....	.....	2,000	5,000
First National Bank	Wilmette	3,000	.....	.....	2,000	2,000	2,000
Wilmette State Bank	Wilmette	.....	10,000	.....	.....	.....	.....
Horace B. Pearson	Winnetka	.....	.....	.....	5,000	.....	.....
Winnetka State Bank	Winnetka	.....	3,000	1,500	.....	5,000	1,500
Winnetka Trust & Savings Bank	Winnetka	.....	2,000	.....	3,000	.....	.....
Cumberland County—Director Sales, R. C. Willis, Toledo.							
First State Bank	Greenup	.....	.....	5,000	500	.....	.....
Greenup National Bank	Greenup	.....	3,000	4,000	5,000	5,000	5,000
Bank of Hazel Dell	Hazel Dell	.....	.....	.....	.....	.....	.....
Citizens Bank	Janesville	.....	1,000	1,000	2,000	1,000	.....
Jewett Banking Co	Jewett	.....	.....	.....	.....	.....	.....
Cumberland County National Bank	Neoga	.....	3,000	4,000	5,000	5,500	5,000
Neoga National Bank	Neoga	.....	2,000	1,000	4,000	5,000	.....
Farmers & Merchants Bank	Toledo	.....	.....	.....	.....	.....	.....
First National Bank	Toledo	.....	5,000	4,000	5,000	5,000	5,000
Toledo State Bank	Toledo	.....	.....	.....	.....	1,000	1,000
DeKalb County—Director Sales, S. E. Bradt, DeKalb.							
DeKalb Trust & Savings Bank	DeKalb	.....	.....	2,000	3,000	.....	.....
First National Bank	DeKalb	20,000	30,000	35,000	40,000	25,000	30,000
Jacob Haish State Bank	DeKalb	.....	10,000	.....	.....	.....	.....
Esmond State Bank	Esmond	.....	1,000	2,500	.....	.....	.....
Exchange Bank	Genoa	.....	.....	5,000	6,000	4,000	7,000
Farmers State Bank	Genoa	.....	.....	3,000	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

DeKalb County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Hinckley State Bank	Hinckley	.....	10,000	.....	10,000	20,000	10,000
H. D. Wagner & Co	Hinckley	.....	2,000	.....	2,000	.....	.....
Kingston State Bank	Kingston	.....	.....	.....	4,000	.....	.....
State Bank of Kirkland	Kirkland	7,000	.....	*5,000	7,000	7,000	.....
First National Bank	Malta	15,000	10,000	10,000	6,000	4,000	6,500
Farmers Trust & Savings Bank	Sandwich	.....	.....	10,000	5,000	10,000	5,000
Sandwich Bank	Sandwich	.....	.....	10,000	5,000	5,000	20,000
Farmers & Traders State Bank	Shabbona	.....	5,000	.....	5,000	5,000	.....
Farmers State Bank	Somonauk	10,000	.....	10,000	10,000	6,000	.....
Somonauk State Bank	Somonauk	.....	1,000	1,000	1,000	.....	5,000
Citizens National Bank	Sycamore	.....	5,000	5,000	5,000	10,000	5,000
Pierce Trust & Savings Bank	Sycamore	.....	5,000	5,000	5,000	5,000	.....
Sycamore National Bank	Sycamore	.....	30,000	25,000	26,500	40,000	50,000
Waterman State Bank	Waterman	.....	25,000	10,000	10,000	20,000	10,000
DeWitt County—Director Sales, J. Q. Lewis, Clinton.							
DeWitt County National Bank	Clinton	.....	25,000	.....	.....	.....	.....
Farm Loan & Trust Co	Clinton	.....	.....	.....	.....	.....	.....
State Bank of Clinton	Clinton	.....	.....	.....	.....	30,000	.....
John Warner Bank	Clinton	.....	10,000	.....	15,000	15,000	15,000
State Bank of DeWitt	DeWitt	.....	.....	.....	.....	2,000	.....
Old First National Bank	Farmer City	.....	.....	.....	.....	500	.....
John Weedman National Bank	Farmer City	5,000	20,000	20,000	25,000	10,000	5,000
Lena Mader	Farmer City	.....	.....	.....	.....	500	.....
Farmers State Bank	Kenney	.....	.....	.....	.....	.....	.....
Peoples Bank	Kenney	.....	.....	4,000	1,000	1,000	.....
Bank of Lane	Lane	.....	.....	.....	.....	.....	.....
Tabor Bank	Tabor	.....	.....	.....	.....	.....	.....
Farmers & Merchants Bank	Wapella	.....	.....	.....	.....	.....	.....
Wapella Bank	Wapella	.....	.....	.....	.....	.....	.....
Waynesville State Bank	Waynesville	.....	.....	.....	.....	.....	.....
State Bank of Weldon	Weldon	.....	.....	.....	.....	.....	.....
Douglas County—Director Sales, S. Y. Whiltock, Tuscola.							
Arcola State Bank	Arcola	.....	1,000	.....	.....	4,000	.....
First National Bank	Arcola	20,000	20,000	.....	.....	10,000	.....
First National Bank	Arthur	7,000	.....	14,500	.....	7,000	7,000
State Bank of Arthur	Arthur	.....	.....	.....	.....	2,000	.....
Camargo Bank	Camargo	.....	.....	.....	5,000	.....	.....
Bragg, Helm & Co	Garrett	.....	.....	.....	5,000	.....	.....
First National Bank	Hindsboro	.....	2,000	3,000	1,000	2,000	1,000
Hindsboro State Bank	Hindsboro	.....	.....	.....	.....	5,000	5,000
Bank of Murdock	Murdock	.....	.....	5,000	10,000	500	.....
Newman National Bank	Newman	.....	4,000	1,000	.....	5,000	15,000
First State Bank	Newman	.....	.....	.....	.....	1,000	.....
Farmers & Traders Bank	Tuscola	.....	5,000	10,000	10,000	5,000	5,000
First National Bank	Tuscola	.....	10,000	10,000	10,000	10,000	.....
Tuscola State Bank	Tuscola	35,000	20,000	10,000	65,000	.....	60,000
First National Bank	Villa Grove	.....	5,000	.....	.....	5,000	.....

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Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
DuPage County—Director Sales, W. M. Girler, Naperville.						
Addison State Bank — Addison	.....	.....	.....	1,000	.....	.....
First State Bank — Bensenville	.....	1,000	1,000	1,500	1,000	5,000
Farmers & Merchants Bank — Downers Grove	.....	3,000	3,000	3,000	3,000	3,000
First National Bank — Downers Grove	3,000	.....	1,000	.....	5,000	4,000
Elmhurst State Bank — Elmhurst	1,000	5,000	18,000	5,000	3,000	3,000
First National Bank — Elmhurst	.....	.....	.....	3,000	2,000	1,000
Dupage County State Bank — Glen Ellyn	.....	.....	.....	.....	2,000	.....
Glen Ellyn State Bank — Glen Ellyn	.....	.....	.....	2,500	2,500	2,500
Hinsdale Trust & Savings Bank — Hinsdale	.....	.....	.....	.....	2,500	.....
Hinsdale State Bank — Hinsdale	.....	5,000	.....	.....	.....	.....
Dairymens Bank of Northern Illinois — Itasca	.....	1,000	2,000	1,000	1,000	.....
Itasca State Bank — Itasca	.....	.....	2,000	1,000	.....	.....
Lombard State Bank — Lombard	.....	3,000	2,000	.....	3,000	.....
First National Bank — Naperville	.....	5,000	.....	5,000	10,000	.....
Reuss State Bank — Naperville	15,000	.....	5,000	10,000	20,000	.....
Roselle State Bank — Roselle	.....	.....	1,000	1,000	.....	.....
State Trust & Savings Bank — West Chicago	.....	.....	.....	10,000	5,000	.....
West Chicago State Bank — West Chicago	.....	2,000	.....	2,500	11,000	.....
First National Bank — Wheaton	.....	.....	.....	5,000	.....	.....
Gary Wheaton Bank — Wheaton	10,000	.....	5,000	10,000	20,000	15,000
Edgar County—Director Sales, Edward Levings, Paris, Ill.						
Brocton Bank — Brocton	.....	.....	.....	.....	.....	.....
First National Bank — Chrisman	5,000	10,000	7,000	5,000	.....	.....
State Bank of Chrisman — Chrisman	.....	4,000	10,000	12,000	12,000	.....
Hughes Bank — Hume	.....	25,000	10,000	.....	.....	.....
First National Bank — Hume	10,000	.....	6,000	.....	5,000	.....
Isabel Bank — Isabel	.....	.....	.....	.....	1,000	.....
Farmers National Bank — Kansas	.....	.....	10,500	11,000	.....	10,000
First National Bank — Kansas	.....	.....	2,000	10,000	5,000	3,000
First National Bank — Metcalf	.....	10,000	.....	5,000	1,000	.....
Citizens National Bank — Paris	10,000	.....	50,000	25,000	25,000	.....
Edgar County National Bank — Paris	.....	10,000	20,000	70,000	10,000	10,000
First National Bank — Paris	.....	5,000	20,000	20,000	30,000	.....
Redmon Bank — Redmon	.....	.....	500	.....	5,000	.....
First National Bank — Vermilion	.....	.....	1,000	.....	.....	10,000
Ford County—Director Sales, H. B. Shaw, Paxton.						
Bank of Carbery — Carbery	.....	.....	.....	.....	.....	.....
Farmers State Bank — Carbery	.....	1,000	.....	.....	.....	.....
Bank of Clarence — Clarence	.....	2,000	.....	.....	.....	.....
Bank of Elliott — Elliott	.....	.....	.....	.....	10,000	20,000
First National Bank — Gibson City	.....	10,000	.....	.....	10,000	.....
Gibson City State Bank — Gibson City	.....	.....	1,500	3,500	.....	2,000
Guthrie Bank — Guthrie	.....	.....	.....	.....	.....	.....
State Bank of Kempton — Kempton	.....	.....	4,000	.....	.....	.....

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Ford County—Continued.							
Iehl & Sons, Bankers	Melvin	.....	.....	.....	10,000	.....	.....
Melvin State Bank	Melvin	.....	.....	.....	.....	.....	.....
Farmers & Merchants State Bank	Paxton	6,000	5,000	20,000	.....	.....	6,000
First National Bank	Paxton	10,000	14,000	†26,500	31,500	20,000	15,000
Paxton State Bank	Paxton	.....	5,000	5,000	25,000	.....	.....
First National Bank	Piper City	.....	.....	.....	.....	10,000	.....
State Bank of Piper City	Piper City	.....	.....	.....	.....	.....	.....
J. A. Cook	Piper City	.....	.....	.....	.....	1,000	.....
Roberts Exchange Bank	Roberts	.....	2,000	.....	.....	500	500
J. P. Smith, Banker	Roberts	.....	.....	1,000	1,000	1,000	.....
Sibley Bank	Sibley	.....	.....	.....	10,000	10,000	10,000
Fulton County—Director Sales, U. G. Orendorff, Canton.							
Astoria State Bank	Astoria	.....	30,000	10,000	.....	10,000	30,000
Peoples State Bank	Astoria	.....	.....	.....	25,000	.....	.....
Avon State Bank	Avon	.....	.....	1,000	1,000	3,000	5,000
Tompkins State Bank	Avon	.....	10,000	2,000	20,000	10,000	10,000
Canton National Bank	Canton	10,000	10,000	12,000	98,000	72,000	10,000
First National Bank	Canton	25,000	.....	.....	100,000	75,000	.....
First State Bank & Trust Co	Canton	20,000	4,000	14,000	50,000	10,000	.....
First National Bank	Cuba	20,000	20,000	.....	.....	20,000	.....
State Bank of Cuba	Cuba	.....	3,000	.....	17,000	10,000	20,000
Farmers State Bank	Ellisville	.....	.....	.....	2,000	3,000	2,000
Fairview State Banking Co	Fairview	5,000	10,000	10,000	20,000	10,000	10,000
Bank of Farmington	Farmington	.....	.....	25,000	10,000	2,000	.....
Alfred C. Steenburg & Co	Farmington	20,000	15,000	5,000	10,000	5,000	.....
Ipava State Bank	Ipava	40,000	15,000	25,000	11,000	9,000	50,000
Farmers State Bank	Lewiston	.....	5,000	5,000	20,000	10,000	10,000
Lewiston National Bank	Lewiston	.....	5,000	10,000	25,000	15,000	15,000
State Bank of London Mills	London Mills	.....	5,000	10,000	10,000	10,000	20,000
Bank of Middlegrove	Middlegrove	.....	.....	.....	.....	.....	.....
Smithfield State Bank	Smithfield	.....	2,000	2,000	3,500	4,000	.....
Farmers Bank	Table Grove	.....	5,000	10,000	17,000	5,000	5,000
Fulton County Bank	Table Grove	.....	.....	.....	.....	.....	.....
Peoples State Bank	Vermont	.....	10,000	.....	40,000	.....	.....
Grundy County—Director Sales J. W. McKindley, Morris.							
Peoples Bank	Braceville	.....	.....	1,000	1,000	1,000	1,000
First National Bank	Coal City	5,000	4,000	4,000	4,000	5,000	5,000
Wm. Campbell	Coal City	.....	.....	6,000	4,000	.....	.....
Exchange Bank	Gardner	.....	.....	2,500	5,000	10,000	10,000
First National Bank	Gardner	10,000	5,000	5,000	.....	10,000	.....
Bank of Kinsman	Kinsman	.....	1,000	1,000	1,000	1,000	3,000
First National Bank	Mazon	.....	.....	.....	2,000	1,000	.....
Farmers First National Bank	Minooka	.....	10,000	.....	10,000	.....	.....
Farmers & Merchants National Bank	Morris	.....	2,000	.....	.....	.....	.....
First National Bank	Morris	.....	4,000	.....	.....	.....	.....
First Trust & Savings Bank	Morris	.....	.....	5,000	2,000	3,000	22,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Grundy County—Continued.							
Grundy County National Bank	Morris	.....	10,000	10,000	10,000	10,000	10,000
Bank of South Wilmington	S. Wilmington	.....	.....	5,000	.....	.....	.....
Verona Exchange Bank	Verona	.....	.....	.....	.....	.....	2,000
Hancock County—Director Sales, S. H. Ferris, Carthage.							
First National Bank	Augusta	.....	.....	10,000	.....	.....	.....
First Trust & Savings Bank	Augusta	.....	.....	15,000	.....	.....	.....
Basco Bank	Basco	.....	5,000	.....	.....	.....	.....
Farmers Bank	Bowen	.....	3,000	6,000	16,000	10,000	.....
State Bank of Burnside	Burnside	.....	.....	.....	.....	3,000	.....
Dime Savings Bank	Carthage	.....	.....	10,000	.....	20,000	20,000
Hancock County National Bank	Carthage	.....	10,000	19,000	20,000	10,000	.....
Arthur Christy	Carthage	.....	.....	500	.....	5,000	.....
Exchange Bank of Cherrill, Scholl & Co	Carthage	.....	.....	.....	.....	10,000	.....
Wm. M. Gordon	Carthage	.....	.....	.....	4,500	.....	.....
Farmers State Exchange Bank	Dallas City	.....	10,000	.....	.....	5,000	.....
First National Bank	Dallas City	.....	.....	.....	2,000	5,000	3,000
Harmony Bank	Denver	.....	.....	.....	.....	.....	.....
Farmers Exchange Bank	Elvaston	.....	.....	.....	.....	10,000	.....
Farmers State Bank	Ferris	.....	.....	.....	.....	5,000	.....
First National Bank	Hamilton	5,000	15,000	.....	.....	20,000	.....
Peoples State Bank	Hamilton	.....	.....	.....	.....	.....	.....
First National Bank	LaHarpe	.....	25,000	2,000	.....	*1,000	1,000
LaHarpe State Bank	LaHarpe	.....	.....	.....	.....	.....	.....
First National Bank	Nauvoo	.....	.....	.....	.....	2,500	.....
State Bank of Nauvoo	Nauvoo	.....	.....	.....	10,000	10,000	.....
Plymouth State Bank	Plymouth	.....	.....	5,000	.....	10,000	.....
Tri-County State Bank	Plymouth	.....	.....	.....	.....	10,000	.....
Farmers Bank	Stillwell	.....	.....	.....	.....	2,000	.....
Hill Dodge Banking Company	Warsaw	25,000	25,000	30,000	20,000	*10,000	25,000
Farmers National Bank	Warsaw	5,000	.....	25,000	.....	5,000	.....
State Bank of West Point	West Point	.....	5,000	5,000	5,000	5,000	.....
First National Bank	Biggsville	.....	.....	10,000	10,000	.....	.....
First State Bank	Gladstone	.....	.....	.....	.....	.....	.....
Commercial Trust & Savings Bank	Lomax	5,000	.....	.....	3,500	.....	.....
Media State Bank	Media	.....	.....	.....	5,000	10,000	5,000
Farmers & Merchants State Bank	Oquawka	2,000	.....	2,000	1,000	.....	.....
First State Bank	Oquawka	.....	.....	.....	.....	15,000	20,000
Raritan Union Bank	Raritan	.....	.....	.....	.....	5,000	.....
First National Bank	Stronghurst	.....	1,000	3,000	3,000	3,000	1,000
State Bank of Stronghurst	Stronghurst	.....	.....	.....	10,000	.....	.....
Henry County—Director Sales, H. C. Dana, Kewanee.							
Farmers State Bank	Alpha	.....	2,000	.....	1,000	.....	.....
Bank of Annawan	Annawan	.....	.....	.....	.....	.....	.....
Farmers State Bank	Annawan	.....	1,000	.....	1,000	5,000	5,000
Atkinson Bank	Atkinson	.....	.....	.....	.....	6,000	.....
Farmers State Bank	Atkinson	.....	.....	.....	500	.....	.....
Bank of Bishop Hill	Bishop Hill	.....	.....	.....	5,000	.....	.....

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Henry County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Cambridge State Bank	Cambridge	.....	.....	.....	.....	10,000	.....
Farmers National Bank	Cambridge	.....	5,000	5,000	15,000	15,000	.....
First National Bank	Cambridge	5,000	.....	16,000	10,000	5,000	10,000
First National Bank	Galva	.....	14,000	.....	15,000	11,000	10,000
L. M. Yocum & Co., Bankers	Galva	.....	5,000	10,000	10,000	10,000	.....
Farmers Co-operate State Bank	Galva	.....	5,000	5,000	5,000	5,000	5,000
Central Trust & Savings Bank	Geneseo	.....	.....	.....	10,000	.....	.....
Farmers National Bank	Geneseo	.....	5,000	5,000	10,000	10,000	10,000
First National Bank	Geneseo	.....	.....	25,000	.....	25,000	.....
Geneseo Savings Bank	Geneseo	.....	.....	.....	.....	.....	.....
Farmers Bank	Hooppole	.....	.....	.....	500	500	.....
First National Bank	Kewanee	25,000	10,000	20,000	25,000	25,000	25,000
Kewanee State Savings Bank & Trust Co	Kewanee	.....	.....	.....	.....	10,000	5,000
Savings Bank of Kewanee	Kewanee	.....	.....	.....	50,000	25,000	10,000
Union State Savings Bank & Trust Co	Kewanee	.....	10,000	10,000	40,000	15,000	10,000
Farmers Bank	Ophiem	.....	.....	.....	.....	.....	.....
Farmers State Bank	Orion	.....	5,000	.....	.....	.....	.....
State Bank of Orion	Orion	15,000	5,000	5,000	.....	.....	.....
A. L. Westerland	Orion	.....	.....	.....	1,000	.....	.....
Farmers Bank	Osco	.....	.....	.....	10,000	5,000	.....
First National Bank	Woodhull	.....	.....	.....	10,000	2,000	8,000
Woodhull State Bank	Woodhull	.....	.....	.....	.....	2,000	.....
Iroquois County—Director Sales, H. T. Riddell, Watseka.							
Ashkum Bank	Ashkum	.....	.....	.....	.....	.....	.....
Farmers & Merchants Bank	Ashkum	.....	.....	.....	.....	.....	.....
H. Lambert & Sons, Bankers	Beaversville	.....	.....	.....	.....	.....	5,000
Buckley Bank	Buckley	.....	.....	10,000	5,000	10,000	.....
Bank of Chebanse	Chebanse	.....	.....	.....	.....	.....	.....
Chebanse Bank	Chebanse	.....	.....	.....	.....	.....	.....
Iroquois County Bank	Cissna Park	.....	.....	.....	.....	.....	.....
First National Bank	Clifton	2,000	3,000	.....	.....	.....	.....
M. R. Meents & Sons	Clifton	.....	.....	.....	.....	.....	.....
First National Bank	Crescent City	.....	.....	.....	†20,000	.....	.....
Farmers State Bank	Danforth	.....	.....	1,000	.....	.....	.....
Bank of Donavan	Donavan	.....	.....	.....	.....	5,000	.....
Farmers State Bank	Donavan	.....	1,000	1,000	2,000	2,000	2,000
S. C. Elliot	Gilman	.....	.....	.....	2,000	.....	.....
First National Bank	Gilman	.....	.....	10,000	.....	.....	.....
Gilman State & Savings Bank	Gilman	.....	2,000	.....	2,000	.....	.....
Farmers Bank	Goodwine	.....	.....	2,000	.....	.....	.....
Goodwine Bank	Goodwine	.....	.....	.....	.....	2,000	.....
Bank of Iroquois	Iroquois	.....	.....	.....	*3,000	3,000	1,000
La Hogue Bank	La Hogue	.....	.....	.....	.....	.....	.....
A Goodell & Sons Co	Loda	.....	.....	.....	.....	10,000	.....
Martinton State Bank	Martinton	.....	.....	.....	5,000	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Iroquois County—Continued.							
Citizens Bank	Milford	.....	.....	.....	.....	.....	.....
First National Bank	Milford	.....	.....	10,000	.....	.....	.....
W. A. Elliot	Onarga	.....	.....	.....	2,000	50,000	.....
Mrs. Elsie B. Johnson	Onarga	.....	.....	.....	2,000	.....	.....
Mrs. J. W. McNaught	Onarga	.....	.....	.....	4,000	.....	.....
Onarga State Bank	Onarga	.....	.....	15,500	6,000	6,000	50,000
Bank of Sheldon	Sheldon	.....	.....	.....	10,000	.....	.....
Citizens State Bank & Trust Co	Sheldon	.....	.....	.....	5,000	5,000	.....
Bank of J. Sumner & Sons	Stockland	.....	.....	.....	.....	.....	.....
Skeels & Thrasher	Thawville	.....	.....	5,000	5,000	5,000	.....
Citizens State Bank	Watseka	.....	3,000	.....	.....	.....	.....
First National Bank	Watseka	.....	3,000	.....	7,000	5,000	5,000
First Trust & Savings Bank	Watseka	.....	5,000	.....	5,000	25,000	30,000
Wellington State Bank	Wellington	.....	.....	.....	.....	.....	1,500
Woodland Bank	Woodland	.....	.....	.....	.....	1,000	.....
Jo Daviess County—Director Sales, C. S. Merrick, Galena.							
Bank of Apple River	Apple River	.....	1,000	.....	.....	.....	.....
Tyson Banking Co	Apple River	.....	.....	.....	.....	.....	.....
East Dubuque Savings Bank	East Dubuque	.....	.....	10,000	10,000	10,000	10,000
German State Bank	East Dubuque	.....	.....	.....	3,000	2,000	3,000
Elizabeth Exchange Bank	Elizabeth	20,000	.....	.....	10,000	5,000	.....
Elizabeth State Bank	Elizabeth	.....	.....	30,000	.....	.....	.....
First State & Savings Bank	Galena	.....	.....	4,000	4,000	40,000	.....
Galena National Bank	Galena	.....	10,000	10,000	15,000	15,000	.....
Merchants National Bank	Galena	5,000	5,000	7,000	10,000	.....	.....
Hanover Rural Bank	Hanover	.....	.....	.....	.....	.....	.....
Hanover Union Bank	Hanover	.....	.....	.....	.....	.....	.....
State Bank of Scales Mound	Scales Mound	.....	.....	1,500	.....	.....	.....
Bank of Stockton	Stockton	10,000	3,000	6,000	11,000	10,000	.....
P. M. Rindesbacher & Co	Stockton	.....	16,000	6,000	3,000	15,000	.....
National Farmers Bank	Warren	5,000	.....	.....	.....	.....	.....
State Bank of Warren	Warren	25,000	.....	10,000	14,000	.....	.....
Kankakee County—Director Sales, D. P. Cleghorn, Kankakee.							
Bradley State & Savings Bank	Bradley	.....	.....	2,000	2,000	3,000	2,000
Farmers Bank	Buckingham	.....	1,000	.....	.....	.....	.....
Farmers State Bank	Buckingham	.....	.....	.....	.....	.....	.....
Charles F. Skinner	Essex	.....	.....	.....	.....	.....	.....
Farmers State & Savings Bank	Grant Park	.....	.....	*500	1,000	.....	.....
Grant Park Trust & Savings Bank	Grant Park	.....	2,000	.....	.....	.....	100,000
Citizens State Bank	Herscher	.....	.....	.....	.....	.....	.....
State Bank of Herscher	Herscher	.....	.....	.....	.....	.....	.....
Irwin Bank	Irwin	.....	.....	.....	.....	.....	.....
American State & Savings Bank	Kankakee	.....	7,000	10,000	10,000	5,000	10,000
City National Bank	Kankakee	20,000	10,000	10,000	19,500	10,500	.....
First Trust & Savings Bank	Kankakee	.....	10,000	10,000	30,000	30,000	40,000
Kankakee Co. Trust & Savings Bank	Kankakee	.....	10,000	25,000	20,000	25,000	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Kankakee County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Legris Brothers Bank	Kankakee	.....	.....	*4,000	.....	.....	.....
Citizens State Bank	Manteno	.....	.....	5,000	5,000	5,000	5,000
Manteno State & Savings Bank	Manteno	.....	3,000	5,000	2,000	.....	5,000
First National Bank	Momence	5,000	3,000	5,000	.....	.....	.....
Momence State & Savings Bank	Momence	.....	.....	3,000	5,000	.....	.....
Parish Bank	Momence	.....	.....	.....	.....	.....	.....
Reddick State Bank	Reddick	.....	.....	.....	1,000	.....	.....
Farmers State Bank	St. Anne	1,000	1,000	500	500	.....	1,000
First National Bank	St. Anne	5,000	1,000	*2,000	2,000	.....	5,000
Kane County—Director Sales, F. B. Watson, Aurora.							
Aurora National Bank	Aurora	.....	50,000	.....	.....	50,000	.....
Aurora Trust & Savings Bank	Aurora	.....	.....	.....	.....	.....	2,500
First National Bank	Aurora	25,000	25,000	.....	20,000	30,000	90,000
German-American National Bank	Aurora	25,000	25,000	25,000	.....	25,000	.....
Merchants National Bank	Aurora	.....	50,000	55,000	25,000	26,000	25,000
Old Second National Bank	Aurora	10,000	25,000	.....	25,000	65,000	85,000
Batavia National Bank	Batavia	.....	4,000	.....	5,000	.....	15,000
First National Bank	Batavia	.....	10,000	8,000	15,000	10,000	45,000
Dundee State Bank	Dundee	.....	.....	.....	5,000	.....	.....
First National Bank	Dundee	.....	7,000	8,000	10,000	25,000	10,000
Elburn State Bank	Elburn	.....	.....	1,000	2,500	2,500	3,000
Kane County Bank & Trust Co	Elburn	20,000	.....	.....	5,000	.....	20,000
Elgin City Bank Co	Elgin	10,000	10,000	10,000	30,500	40,000	80,000
Elgin National Bank	Elgin	25,000	.....	.....	30,000	.....	75,000
Elgin National Watch Co	Elgin	.....	.....	250,000	.....	250,000	.....
First National Bank	Elgin	10,000	10,000	5,000	25,000	53,000	.....
Home National Bank	Elgin	.....	14,000	14,000	15,000	14,000	.....
Home Trust & Savings Bank	Elgin	.....	.....	25,000	.....	.....	.....
Union National Bank	Elgin	.....	.....	.....	10,000	.....	.....
First National Bank	Geneva	.....	.....	.....	5,000	5,000	.....
State Bank of Geneva	Geneva	10,000	.....	.....	.....	10,000	30,000
State Bank of Hampshire	Hampshire	.....	2,000	5,000	5,000	5,000	.....
First State Bank	Maple Park	10,000	5,000	5,000	.....	.....	.....
St. Charles National Bank	St. Charles	.....	.....	10,000	.....	.....	.....
Stewart State Bank	St. Charles	15,000	10,000	10,000	10,000	15,000	15,000
Bank of Virgil	Virgil	.....	.....	.....	.....	.....	.....
Kendall County—Director Sales, B. J. Stumm, Yorkville.							
Millbrook Farmers Bank	Millbrook	.....	.....	.....	.....	.....	.....
First State Bank	Millington	.....	.....	.....	.....	5,000	.....
Farmers State Bank	Newark	.....	.....	.....	.....	2,000	.....
Oswego State Bank	Oswego	.....	.....	.....	.....	2,500	.....
First State Bank	Plano	.....	.....	3,500	.....	.....	.....
Plano State Bank	Plano	.....	.....	1,500	2,000	.....	.....
Sears Bank	Plano	.....	.....	.....	.....	.....	.....
Farmers State Bank	Yorkville	.....	.....	.....	10,000	15,000	.....
Yorkville National Bank	Yorkville	.....	.....	2,500	2,500	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Knox County—Director Sales, F. L. Conger, Galesburg.							
First National Bank	Abington	25,000	10,000	.....	10,000	.....	.....
First State & Savings Bank	Abington	.....	5,000	3,000	5,000	5,000	.....
Bank of Altona	Altona	.....	.....	.....	10,000	5,000	.....
Bank of Galesburg	Galesburg	.....	10,000	11,000	42,000	15,000	15,000
Farmers & Mechanics Bank	Galesburg	.....	5,000	10,000	25,000	10,000	25,000
First National Bank	Galesburg	15,000	20,000	49,500	37,500	51,500	65,000
Galesburg National Bank	Galesburg	.....	15,000	20,000	*15,000	15,000	15,000
Peoples Trust & Savings Bank	Galesburg	10,000	17,000	20,000	33,000	50,000	35,000
Farmers National Bank	Knoxville	30,000	.....	45,000	39,000	10,000	10,000
Knox County State Bank	Knoxville	10,000	5,000	6,000	21,500	6,000	6,000
First National Bank	Maquon	.....	2,000	3,000	5,000	.....	.....
Maquon State Bank	Maquon	.....	10,000	10,000	5,000	10,000	.....
Anderson State Bank	Oneida	.....	2,000	.....	3,000	10,000	4,000
First National Bank	Oneida	.....	5,000	15,000	10,000	.....	5,000
Bank of Rio	Rio	.....	.....	1,500	2,500	3,500	2,500
Bank of St. Augustine	St. Augustine	.....	.....	.....	500	.....	.....
State Bank of Victoria	Victoria	.....	.....	.....	3,000	4,000	.....
Victoria Exchange Bank	Victoria	.....	1,000	.....	1,500	.....	.....
Bank of Wataga	Wataga	.....	1,000	2,000	2,000	*2,000	.....
Wataga State Bank	Wataga	.....	.....	.....	.....	.....	.....
First State Bank Company	Williamsfield	.....	.....	3,000	.....	6,000	.....
Bank of Yates City	Yates City	.....	3,000	10,000	14,500	5,000	.....
Lake County—Director Sales, Theo. Durst, Waukegan.							
Bank of Antioch	Antioch	.....	1,000	.....	.....	.....	.....
State Bank of Antioch	Antioch	.....	3,000	2,000	3,000	15,000	3,000
Citizens Bank	Area	.....	.....	.....	.....	1,000	.....
Merchants & Farmers Bank	Grayslake	.....	.....	13,000	.....	.....	.....
Highland Park State Bank	Highland Park	5,000	.....	4,000	4,000	4,000	4,000
Highland Park Trust & Savings Bank	Highland Park	.....	5,000	5,000	5,000	.....	.....
North Shore Trust Co	Highland Park	.....	.....	.....	.....	.....	.....
First National Bank	Lake Forest	15,000	15,000	25,000	20,000	20,000	15,000
Lake Forest Trust & Savings Bank	Lake Forest	.....	.....	.....	.....	1,000	1,000
Elizabeth R. Bond	Lake Forest	.....	.....	.....	2,500	.....	.....
Lake Villa Trust & Savings Bank	Lake Villa	.....	.....	.....	1,000	1,000	.....
State Bank of Lake Zurich	Lake Zurich	.....	.....	.....	.....	.....	.....
First National Bank	Libertyville	10,000	4,000	.....	1,000	2,000	5,000
Lake County National Bank	Libertyville	.....	5,000	.....	10,000	10,000	.....
Lake County State Bank	North Chicago	.....	.....	.....	.....	.....	.....
Bank of Round Lake	Round Lake	.....	.....	5,000	.....	.....	.....
Wauconda Trust & Savings Bank	Wauconda	.....	2,000	.....	.....	5,000	.....
First National Bank	Waukegan	5,000	.....	5,000	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Lake County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Peoples Bank	Waukegan	.....	8,000	24,000	16,000	16,000	16,000
Security Savings Bank	Waukegan	.....	10,000	.....	15,000	25,000	15,000
Waukegan National Bank	Waukegan	.....	5,000	15,000	20,000	35,000	.....
First State Bank	Zion City	.....	.....	.....	.....	.....	.....
Zion Bank	Zion City	.....	.....	.....	.....	.....	.....
LaSalle County—Director Sales, Wayne Hummer, LaSalle.							
Bank of Dana	Dana	.....	.....	2,000	1,000	.....	.....
Earlville National Bank	Earlville	.....	.....	.....	1,000	.....	1,000
First National Bank	Earlville	.....	.....	5,000	30,000	10,000	10,000
First National Bank	Grand Ridge	10,000	6,000	10,000	10,000	20,000	10,000
LaSalle National Bank	LaSalle	20,000	35,000	35,000	72,500	60,000	75,000
LaSalle Savings Bank & Trust Co	LaSalle	.....	3,000	3,000	1,000	10,000	5,000
LaSalle State Bank	LaSalle	30,000	15,000	20,000	25,000	25,000	80,000
Farmers & Merchants State Bank	Leland	.....	.....	.....	500	5,000	10,000
First National Bank	Leland	.....	.....	5,000	5,000	10,000	5,000
Moon's Bank	Leonore	.....	.....	.....	1,000	1,000	3,000
Farmers State Bank	Lostant	.....	5,000	10,000	10,000	15,000	.....
First National Bank	Marseilles	10,000	50,000	.....	.....	5,000	40,000
First National Bank	Mendota	.....	2,000	15,000	5,000	.....	11,000
Germania Bank	Mendota	.....	.....	.....	1,000	1,000	2,000
Mendota National Bank	Mendota	.....	.....	.....	20,000	30,000	33,500
Oglesby State Bank	Oglesby	.....	.....	.....	1,000	5,000	3,000
First National Bank	Ottawa	200,000	.....	50,500	100,000	25,000	50,000
National City Bank	Ottawa	50,000	10,000	40,000	50,000	25,000	50,000
Ottawa Banking & Trust Co	Ottawa	.....	.....	20,000	15,000	10,000	.....
Peoples Trust & Savings Bank	Ottawa	.....	1,000	1,000	2,000	.....	.....
Peru National Bank	Peru	10,000	10,000	10,000	.....	.....	.....
Peru State Bank	Peru	.....	.....	21,500	16,000	10,000	20,000
First National Bank	Ransom	.....	3,000	5,000	3,000	3,000	.....
Rutland State Bank	Rutland	.....	2,000	3,000	5,000	5,000	10,000
Farmers Trust & Savings Bank	Seneca	.....	.....	.....	5,000	.....	.....
State Bank of Seneca	Seneca	.....	4,000	.....	.....	10,000	5,000
Serena Union State Bank	Serena	.....	2,000	2,000	.....	500	.....
Farmers & Merchants State Bank	Sheridan	.....	.....	1,000	2,000	.....	.....
First National Bank	Triumph	10,000	.....	.....	3,000	.....	.....
Farmers Bank	Troy Grove	.....	.....	.....	*1,000	.....	.....
Utica State Bank	Utica	.....	.....	.....	.....	500	.....
First National Bank	Sheridan	.....	.....	.....	.....	5,000	.....
Peoples Trust & Savings Bank	Streator	.....	.....	5,000	2,000	10,000	10,000
Streator National Bank	Streator	.....	10,000	10,000	20,000	40,000	40,000
Union National Bank	Streator	25,000	25,000	25,000	35,000	40,000	25,000
Tonica State Bank	Tonica	.....	.....	.....	2,000	.....	.....
Lee County—Director Sales, A. P. Armington, Dixon.							
Amboy State Bank	Amboy	.....	.....	15,000	.....	.....	.....
First National Bank	Amboy	15,000	10,000	15,000	52,000	10,000	25,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Lee County—Continued.							
Ashton Bank	Ashton	10,000	5,000	10,000	25,000	.....	.....
Farmers State Bank	Ashton	.....	.....	.....	1,000	.....	.....
First National Bank	Compton	.....	.....	5,000	.....	5,000	5,000
City National Bank	Dixon	.....	.....	77,000	46,000	37,000	.....
Dixon National Bank	Dixon	25,000	20,000	31,000	103,000	3,000	25,000
Union State Bank	Dixon	.....	.....	.....	.....	5,000	.....
Franklin Grove Bank	Franklin Grove	.....	10,000	10,000	22,000	15,000	.....
Harmon Bank	Harmon	.....	.....	.....	.....	2,000	.....
Lee State Bank	Lee	.....	.....	.....	.....	15,000	.....
State Bank of Paw Paw	Paw Paw	.....	5,000	10,000	25,000	25,000	25,000
First National Bank	Steward	.....	.....	.....	.....	.....	.....
Sublette Exchange Bank	Sublette	.....	.....	.....	.....	1,000	1,000
Henry C. Gehant Banking Co	West Brooklyn	.....	.....	5,000	10,000	.....	5,000
Livingston County—Director Sales, W. J. Butler, Pontiac.							
Bank of Campus	Campus	.....	.....	.....	500	.....	.....
Citizens Bank	Campus	.....	.....	.....	500	.....	.....
Farmers & Miners Bank	Cardiff	.....	.....	.....	.....	.....	.....
Citizens Bank	Chatsworth	.....	5,000	.....	.....	5,000	10,000
Commercial National Bank	Chatsworth	10,000	.....	30,000	.....	.....	20,000
Farmers State Savings Bank	Cornell	.....	1,000	.....	.....	.....	.....
First National Bank	Cullom	.....	.....	2,000	.....	.....	.....
Bank of Dwight	Dwight	3,000	30,000	.....	.....	.....	.....
First National Bank	Dwight	.....	.....	5,000	.....	10,000	.....
Taylor State Bank	Emington	.....	.....	4,000	3,000	.....	.....
Bank of A. B. Claudon	Fairbury	.....	.....	.....	.....	500	.....
Fairbury Bank	Fairbury	.....	.....	†48,000	40,000	.....	.....
G. Y. McDowell & Co	Fairbury	.....	.....	.....	.....	.....	.....
Walton Banking Co	Fairbury	.....	.....	3,000	.....	.....	.....
Farmers State Bank	Flanagan	.....	4,000	.....	.....	.....	.....
Flanagan State Bank	Flanagan	.....	2,000	2,000	.....	.....	.....
First State Bank	Forrest	.....	1,000	.....	9,000	10,000	6,000
Farmers & Merchants Bank	Forrest	.....	.....	.....	.....	.....	.....
Bank of Graymont	Graymont	.....	.....	5,000	.....	.....	.....
State Bank of Long Point	Long Point	.....	2,000	3,000	3,000	4,000	2,500
Farmers National Bank	Odell	.....	1,000	.....	.....	1,000	.....
State Bank of Odell	Odell	.....	6,000	10,000	10,000	5,000	.....
M. H. Greenebaum	Pontiac	.....	.....	.....	3,000	.....	.....
Illinois State Savings Bank	Pontiac	10,000	.....	10,000	20,000	20,000	50,000
Livingston Co. National Bank	Pontiac	.....	6,000	*10,000	20,000	.....	.....
National Bank of Pontiac	Pontiac	.....	5,000	16,000	25,000	20,000	10,000
Pontiac Loan & Trust Co	Pontiac	.....	.....	.....	10,000	.....	.....
Pontiac State Bank	Pontiac	.....	10,000	15,000	50,000	25,000	.....
State Bank of Saunemin	Saunemin	.....	3,000	.....	.....	.....	.....
Farmers National Bank	Strawn	.....	.....	.....	.....	2,000	1,000
Farmers Wing Bank	Wing	.....	.....	.....	.....	2,500	10,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Logan County—Director Sales, P. E. Kuhl, Lincoln.							
Bank of Chestnut	Chestnut	.....	2,000	10,000	5,000	3,000	.....
Atlanta National Bank	Atlanta	.....	5,000	6,000	10,000	.....	.....
Peoples Bank	Atlanta	.....	8,000	8,000	.....	.....	.....
First National Bank	Beason	.....	2,000	5,000	.....	3,000	.....
Peoples Bank	Beason	.....	.....	.....	.....	1,000	.....
Elkhart Bank	Elkhart	.....	.....	.....	10,000	.....	.....
Farmers Bank	Emden	.....	.....	10,000	.....	.....	.....
Hartsburg State Bank	Hartsburg	.....	.....	10,000	.....	.....	.....
State Bank of Latham	Latham	.....	.....	5,000	10,000	5,000	.....
First National Bank	Lincoln	.....	20,000	.....	.....	.....	.....
German-American National Bank	Lincoln	25,000	13,000	17,000	.....	.....	.....
Lincoln National Bank	Lincoln	50,000	10,000	25,000	25,000	25,000	50,000
Lincoln State Bank	Lincoln	10,000	.....	.....	5,000	10,000	.....
Farmers State Bank	Middletown	.....	3,000	3,000	10,000	5,000	5,000
Marbold State Bank	Middletown	.....	.....	.....	.....	2,000	.....
Farmers Bank	Mt. Pulaski	10,000	10,000	20,500	51,000	20,000	10,000
First National Bank	Mt. Pulaski	5,000	20,000	25,000	15,000	20,000	20,000
H. F. Gordon	Mt. Pulaski	.....	.....	6,000	.....	.....	.....
New Holland State Bank	New Holland	.....	3,000	6,000	10,000	.....	10,000
McDonough County—Director Sales, J. W. Bailey, Macomb.							
Farmers Bank	Adair	.....	5,000	2,000	3,000	3,000	3,000
Bank of Bardolph	Bardolph	.....	1,000	.....	2,000	5,000	.....
First National Bank	Blandinsville	.....	.....	2,000	.....	.....	5,000
Huston Banking Co	Blandinsville	.....	9,000	11,000	13,000	13,000	13,000
Bank of Bushnell	Bushnell	.....	5,000	6,000	6,000	10,000	20,000
Farmers & Merchants State Bank	Bushnell	5,000	3,000	4,000	5,000	15,000	20,000
First National Bank	Bushnell	.....	6,000	7,000	7,000	.....	10,000
National Bank of Colchester	Colchester	30,000	4,000	5,000	5,000	5,000	10,000
Peoples State Bank	Colchester	.....	2,000	500	.....	.....	.....
Good Hope State Bank	Good Hope	.....	1,000	.....	.....	15,000	14,000
State Bank of Industry	Industry	.....	5,000	4,000	10,000	.....	.....
Citizens Bank	Macomb	10,000	.....	15,500	500	5,000	25,000
First Trust & Savings Bank	Macomb	.....	2,000	2,000	3,000	.....	3,000
Macomb National Bank	Macomb	.....	8,000	42,000	25,000	.....	.....
Union National Bank	Macomb	40,000	12,000	42,000	60,000	21,000	35,000
Prairie City, Bank of	Prairie City	.....	2,000	9,000	9,000	4,000	8,000
State Bank of Sciota	Sciota	.....	.....	.....	3,000	2,000	2,000
McHenry County—Director Sales, B. C. Getzleman, Algonquin.							
Algonquin State Bank	Algonquin	.....	2,000	.....	10,000	5,000	10,000
Cary State Bank	Cary Station	.....	1,000	.....	.....	3,000	.....
Home State Bank	Crystal Lake	.....	.....	2,000	2,000	5,000	.....
United States Bank	Crystal Lake	.....	.....	5,000	*5,000	10,000	.....

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McHenry County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
First State Bank	Harvard	.....	.....	.....	2,000	10,000	.....
Harvard Bank	Harvard	.....	5,000	5,000	5,000	20,000	10,000
Bank of Hebron	Hebron	.....	3,000	3,000	.....	4,000	.....
State Bank of Huntley	Huntley	10,000	.....	.....	20,000	10,000	10,000
Dairymens State Bank	Marengo	3,000	5,000	10,000	7,000	3,000	7,000
First National Bank	Marengo	.....	5,000	5,000	5,000	.....	.....
Hoy Banking Co	McHenry	.....	.....	.....	.....	.....	.....
Bank of Richmond	Richmond	.....	5,000	.....	.....	3,000	15,000
Bank of Ringwood	Ringwood	.....	.....	.....	.....	.....	.....
Spring Grove Bank	Spring Grove	.....	.....	.....	.....	.....	.....
State Bank of Union	Union	.....	2,000	.....	.....	10,000	10,000
West McHenry State Bank	West McHenry	2,000	4,000	4,000	5,000	10,000	5,000
American National Bank	Woodstock	.....	.....	5,000	35,000	25,000	.....
Farmers Exchange State Bank	Woodstock	25,000	5,000	.....	10,000	.....	30,000
McHenry Co. State Bank	Woodstock	.....	.....	.....	10,000	10,000	.....
State Bank of Woodstock	Woodstock	.....	5,000	5,000	5,000	20,000	.....
McLean County—Director Sales, W. L. Moore, Bloomington.							
Anchor Bank	Anchor	.....	.....	2,000	.....	.....	.....
Arrowsmith Bank	Arrowsmith	.....	.....	.....	.....	.....	.....
McClure & Jacobs	Arrowsmith	.....	.....	.....	.....	.....	.....
Exchange Bank	Bellflower	.....	.....	.....	.....	.....	.....
Gooch Bros. & Co	Bellflower	.....	.....	.....	.....	.....	.....
Corn Belt Bank	Bloomington	.....	.....	.....	.....	.....	.....
First National Bank	Bloomington	.....	50,000	50,000	50,000	50,000	50,000
German-American Bank	Bloomington	100,000	.....	50,000	.....	.....	.....
Illinois Savings & Trust Co	Bloomington	.....	.....	.....	.....	.....	.....
McLean County Bank	Bloomington	.....	.....	20,000	30,000	.....	20,000
Peoples Bank	Bloomington	50,000	50,000	54,000	50,000	.....	.....
State Bank	Bloomington	.....	25,000	25,000	50,000	.....	.....
Farmers State Bank	Carlock	.....	.....	.....	.....	5,000	.....
Farmers Bank	Chenoa	.....	.....	.....	.....	.....	.....
State Bank of Chenoa	Chenoa	.....	.....	.....	.....	.....	.....
J. W. Arnold & Co	Colfax	.....	.....	.....	500	.....	.....
Colfax Bank	Colfax	.....	.....	.....	.....	.....	.....
Farmers State Bank	Colfax	.....	.....	.....	.....	.....	.....
State Bank of Cooksville	Cooksville	.....	.....	.....	.....	.....	.....
H. L. Barnes Bank	Cropsey	.....	.....	.....	.....	.....	.....
Farmers State Bank	Danvers	.....	.....	2,000	3,000	.....	.....
First National Bank	Danvers	.....	.....	†9,000	7,000	.....	.....
Farmers Bank	Downs	.....	.....	.....	5,000	.....	.....
Bank of Ellsworth	Ellsworth	.....	.....	.....	.....	.....	6,000
George Champles	Ellsworth	.....	.....	.....	.....	500	.....
A. Dennis	Ellsworth	.....	.....	.....	.....	.....	4,000
W. M. Jennings	Ellsworth	.....	.....	.....	.....	500	.....
German-American State Bank	Gridley	.....	.....	1,000	.....	.....	.....
State Bank of Gridley	Gridley	.....	.....	.....	.....	.....	.....
Farmers State Bank	Heyworth	.....	.....	.....	.....	.....	.....
Heyworth State Bank	Heyworth	.....	.....	.....	.....	.....	.....
Bank of Holder	Holder	.....	.....	5,000	.....	.....	.....

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McLean County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Hudson State Bank	Hudson	.....	.....	5,000	.....	.....	.....
First National Bank	LeRoy	.....	.....	5,000	5,000	.....	.....
J. Keenan's Bank	LeRoy	.....	.....	10,000	.....	.....	.....
People's Bank	Lexington	.....	.....	.....	.....	.....	10,000
State Bank of Lexington	Lexington	.....	10,000	.....	15,000	.....	.....
McLean State Bank	McLean	.....	.....	.....	.....	10,000	.....
Bank of Meadows	Meadows	.....	.....	.....	.....	.....	.....
First National Bank	Normal	10,000	10,000	10,000	10,000	30,000	.....
Normal State Bank	Normal	.....	.....	.....	.....	.....	10,000
Citizens Bank	Saybrook	.....	.....	.....	.....	.....	.....
Saybrook Bank	Saybrook	.....	.....	2,000	1,000	2,000	1,000
Saybrook State Bank	Saybrook	.....	.....	.....	.....	.....	.....
Stanford State Bank	Stanford	.....	5,000	3,000	.....	.....	.....
Towanda State Bank	Towanda	.....	.....	.....	.....	2,000	.....
Farmers & Merchants Bank	Weston	.....	.....	.....	.....	.....	.....
Macon County—Director Sales, O. B. Gorin, Decatur.							
Gerber State Bank	Argenta	.....	.....	.....	20,000	15,000	27,500
First National Bank	Blue Mound	.....	.....	.....	.....	.....	.....
State Bank of Blue Mound	Blue Mound	.....	.....	.....	.....	.....	.....
Henry Rau	Blue Mound	.....	.....	.....	3,000	.....	.....
Burtschi & Co., Bankers	Decatur	.....	.....	.....	.....	.....	.....
Citizens National Bank	Decatur	25,000	20,000	35,000	30,000	50,000	190,000
Farmers & Merchants State Bank	Decatur	.....	5,000	5,000	.....	5,000	10,000
Millikin National Bank	Decatur	100,000	120,000	175,000	201,000	200,000	200,000
National Bank of Decatur	Decatur	25,000	50,000	68,500	107,500	.....	260,000
Farmers State Bank	Macon	.....	.....	.....	.....	2,000	.....
R. H. Woodcock & Co	Macon	.....	2,000	2,000	3,000	3,000	5,000
Citizens Bank	Maroa	.....	.....	3,000	10,000	20,000	.....
Crocker & Co	Maroa	.....	.....	5,000	5,000	6,500	8,500
Mount Zion State Bank	Mount Zion	.....	10,000	5,000	10,000	5,000	5,000
State Bank of Niantic	Niantic	.....	3,000	.....	27,500	4,000	10,000
State Bank of Warrensburg	Warrensburg	.....	2,000	3,000	4,000	2,000	3,000
Marshall County—Director Sales, T. M. Hancock, Lacon.							
Campgrove Exchange Bank	Campgrove	.....	.....	.....	.....	.....	.....
First National Bank	Henry	5,000	5,000	5,000	5,000	5,000	5,000
Henry National Bank	Henry	.....	5,000	.....	.....	15,000	5,000
First National Bank	Lacon	.....	5,000	10,000	10,000	20,000	10,000
Lacon State Bank	Lacon	.....	.....	18,500	1,000	.....	8,000
LaRose National Bank	LaRose	.....	2,000	2,000	5,000	.....	.....
Sparland Bank	Sparland	.....	.....	5,000	7,500	5,000	.....
Toluca State Bank	Toluca	.....	.....	.....	20,000	.....	10,000
Marshall County State Bank	Varna	.....	3,000	5,000	8,000	15,000	5,000
Farmers State Bank	Wenona	.....	2,000	3,000	5,000	5,000	.....
First State Bank	Wenona	5,000	5,000	15,000	20,000	10,000	10,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Mason County—Director Sales, O. D. Covington, Havana.							
Bank of Bath	Bath	.....	1,000	2,000	2,000	2,000	2,000
Bank of Easton	Easton	.....	1,000	.....	.....	.....	.....
McFadden Corn Exchange Bank	Easton	.....	1,000	3,000	*4,000	.....	.....
Forest City State Bank	Forest City	.....	.....	1,500	.....	.....	.....
Havana National Bank	Havana	50,000	15,000	20,000	25,000	25,000	50,000
Mason County Bank	Havana	.....	6,000	7,000	10,000	10,000	10,000
Bank of Kilbourne	Kilbourne	.....	1,000	500	3,000	4,000	.....
Peoples State Bank	Manito	.....	4,000	3,000	4,000	5,000	5,000
Central Illinois State Bank	Mason City	.....	4,000	5,000	30,000	.....	.....
New Farmers State Bank	Mason City	.....	10,000	10,000	10,000	.....	20,000
San Jose State Bank	San Jose	.....	2,000	2,000	3,000	3,000	3,000
Piatt County—Director Sales, Wm. Dighton, Monticello.							
Athens State Bank	Athens	.....	10,000	.....	10,000	10,000	.....
Bank of Fancy Prairie	Fancy Prairie	.....	.....	.....	.....	.....	.....
First State Bank	Greenview	.....	3,000	7,500	6,000	3,000	5,000
Marbold State Bank	Greenview	.....	.....	10,000	.....	.....	.....
First National Bank	Oakford	.....	3,000	5,000	.....	.....	.....
First National Bank	Petersburg	.....	10,000	13,000	60,000	.....	.....
Frackleton State Bank	Petersburg	5,000	15,000	†25,000	50,000	10,000	5,000
H. H. Schirding & Son	Petersburg	.....	20,000	70,000	.....	10,000	10,000
Farmers & Merchants State Bank	Tallula	.....	2,000	5,000	.....	5,000	5,000
The Tallula Bank	Tallula	.....	2,000	5,000	2,000	5,000	5,000
Putnam County.							
Aledo State Bank	Aledo	.....	25,000	†25,000	20,000	.....	.....
Farmers National Bank	Aledo	.....	15,000	28,000	25,000	.....	.....
First National Bank	Aledo	5,000	5,000	†20,000	30,000	.....	.....
First Trust & Savings Bank	Aledo	.....	.....	.....	10,000	.....	.....
Mercer County Banking Assn	Aledo	.....	.....	.....	.....	.....	.....
Ada M. Nesbitt	Aledo	.....	.....	.....	1,000	.....	.....
Farmers Bank	Burgess	.....	.....	.....	1,500	.....	.....
O. A. Bridgford & Co.'s Farmers Bank	Joy	.....	2,000	2,000	3,000	3,000	3,000
Joy Bank	Joy	.....	5,000	5,000	10,000	.....	3,000
Citizens State Bank	Keithsburg	.....	1,000	.....	.....	.....	.....
Keithsburg Bank	Keithsburg	.....	2,000	5,000	3,000	.....	.....
Farmers Bank	Matherville	.....	.....	1,000	2,000	.....	.....
Matherville Bank	Matherville	.....	.....	.....	1,000	.....	.....
Peoples Bank	New Boston	.....	1,000	.....	.....	.....	.....
State Bank of New Boston	New Boston	.....	1,000	.....	.....	.....	.....
Bank of New Windsor	New Windsor	.....	.....	3,000	3,000	.....	.....
Farmers State Bank	New Windsor	.....	.....	.....	3,000	12,000	.....
Farmers Bank	N. Henderson	.....	3,000	2,000	3,000	.....	2,000
Norwood Banking Co	Norwood	.....	.....	.....	.....	.....	.....

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Mercer County—Continued.							
Preemption Bank	Preemption	.....	.....	.....	1,000	.....	.....
State Bank of Seaton	Seaton	.....	4,000	20,000	16,000	.....	.....
Farmers Bank	Sherrard	.....	1,000	.....	5,000	.....	.....
Sherrard State Banking Co	Sherrard	.....	.....	13,500	.....	6,500	.....
Harry Kolb	Sherrard	.....	.....	.....	.....	500	.....
Farmers Bank	Viola	.....	2,000	.....	.....	.....	.....
Viola State Bank	Viola	.....	.....	5,000	*5,000	.....	.....
Montgomery County.							
Farmers Bank	Ohlman	5,000	.....	.....	2,500	.....	.....
Moultrie County—Director Sales, F. J. Thompson, Sullivan.							
Peoples Bank	Allenville	.....	.....	1,000	1,000	.....	.....
Bethany State Bank	Bethany	.....	.....	.....	.....	.....	.....
Scott State Bank	Bethany	5,000	10,000	10,000	33,000	5,000	5,000
Dalton City Bank	Dalton City	.....	.....	.....	.....	.....	.....
Farmers Bank	Gays	20,000	.....	.....	5,000	.....	20,000
Hardware Bank	Lovington	.....	6,000	.....	.....	.....	2,000
Shepherd National Bank	Lovington	.....	.....	.....	.....	.....	2,000
Sarah A. Green	Lovington	.....	2,000	.....	.....	.....	2,000
First National Bank	Sullivan	.....	.....	5,000	10,000	10,000	10,000
Merchants & Farmers State Bank	Sullivan	.....	.....	.....	10,000	.....	.....
Ogle County—Director Sales, J. R. Rice, Mt. Morris.							
Byron Bank	Byron	.....	.....	2,000	.....	.....	.....
Farmers & Merchants Bank	Byron	.....	.....	3,000	7,000	.....	.....
Chana Banking Co	Chana	.....	.....	2,000	2,000	.....	.....
Farmers Bank of Creston	Creston	.....	3,000	3,000	.....	.....	.....
Commercial State Bank	Forreston	.....	.....	.....	5,000	5,000	.....
Forreston State Bank	Forreston	5,000	10,000	10,000	15,000	6,000	5,000
Exchange Bank	Holcomb	5,000	5,000	10,000	5,000	5,000	5,000
Farmers Bank	Kings	2,000	2,000	4,000	4,000	4,000	2,000
Leaf River State Bank	Leaf River	.....	5,000	5,000	.....	.....	.....
Monroe Center State Bank	Monroe Center	.....	.....	.....	.....	.....	.....
Citizens State Bank	Mt. Morris	.....	4,000	6,000	10,000	10,000	5,000
First National Bank	Mt. Morris	.....	.....	.....	.....	.....	.....
Ogle County State Bank	Oregon	.....	.....	20,000	.....	.....	20,000
Oregon State Savings Bank	Oregon	.....	.....	.....	.....	10,000	.....
Polo State Bank	Polo	.....	.....	.....	.....	.....	.....
Exchange National Bank	Polo	.....	5,000	.....	.....	20,000	20,000
Peoples Loan & Trust Co	Rochelle	.....	.....	.....	.....	.....	.....
Rochelle National Bank	Rochelle	5,000	5,000	10,000	5,000	.....	5,000
Rochelle Trust & Savings Bank	Rochelle	.....	10,000	.....	10,000	15,000	15,000
Stillman Valley Bank	Stillman Valley	10,000	5,000	10,000	5,000	20,000	.....
Albert C. Brown	Stillman Valley	.....	.....	.....	1,500	.....	.....

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Peoria County—Director Sales, J. C. Paddock, Peoria.							
Farmers & Mechanics State Bank	Averyville	.....	.....	2,000	.....	5,000	3,000
Exchange State Bank	Brimfield	10,000	10,000	10,000	10,000	10,000	10,000
First National Bank	Chillicothe	.....	1,000	2,000	*5,000	5,000	5,000
Truitt, Matthews & Co	Chillicothe	.....	.....	5,000	15,000	.....	10,000
Dunlap Bank	Dunlap	.....	.....	.....	.....	.....	.....
Clinch, Schench & Lott	Elmwood	.....	10,000	.....	.....	.....	.....
First State & Savings Bank	Elmwood	.....	2,000	.....	6,000	.....	.....
Farmers State Bank	Glasford	.....	2,000	2,000	10,000	.....	5,000
Hanna City State Bank	Hanna City	.....	2,000	2,000	2,000	.....	.....
Bank of Laura	Laura	.....	.....	.....	.....	10,000	.....
Central National Bank	Peoria	35,000	50,000	50,000	50,000	50,000	75,000
Commercial German National Bank	Peoria	.....	50,000	57,500	400,000	150,000	200,000
Dime Savings & Trust Co	Peoria	.....	25,000	.....	50,000	100,000	100,000
First National Bank	Peoria	40,000	150,000	135,000	205,000	236,000	200,000
First Trust & Savings Bank	Peoria	20,000	40,000	60,000	30,000	25,000	50,000
Home Savings & State Bank	Peoria	5,000	10,000	30,000	75,000	50,000	55,000
Merchants & Illinois National Bank	Peoria	100,000	60,000	75,000	100,000	100,000	65,000
State Trust & Savings Bank	Peoria	.....	.....	.....	.....	.....	10,000
Auten & Auten	Princeville	2,000	.....	15,000	.....	.....	.....
Minnie Bouton	Princeville	.....	.....	.....	15,000	.....	.....
Farmers State Bank	Princeville	.....	.....	.....	.....	.....	.....
Bank of Trivoli	Trivoli	.....	1,000	6,000	†10,000	.....	.....
Piatt County—Director Sales, Wm. Dighton, Monticello.							
First National Bank	Atwood	.....	3,000	.....	.....	.....	.....
First National Bank	Bement	.....	3,000	3,000	5,000	.....	.....
State Bank of Bement	Bement	.....	3,000	.....	3,000	.....	.....
Citizens Bank	Cerro Gordo	.....	.....	.....	.....	.....	.....
State Bank of Cerro Gordo	Cerro Gordo	.....	5,000	.....	10,000	10,000	.....
Croninger State Bank	Cisco	.....	.....	.....	.....	.....	.....
First National Bank	Deland	.....	1,000	2,000	3,000	4,000	7,500
State Bank of Deland	Deland	.....	2,000	5,000	2,000	1,500	15,000
State Bank of Hammond	Hammond	.....	5,000	3,000	7,000	.....	.....
State Bank of La Place	La Place	.....	1,000	.....	.....	.....	.....
Peoples State Bank	Mansfield	.....	.....	.....	.....	.....	.....
State Bank of Mansfield	Mansfield	.....	.....	.....	.....	.....	.....
Bank of Milmine	Milmine	.....	1,000	.....	.....	.....	.....
Moore State Bank	Monticello	.....	5,000	5,000	25,000	.....	.....
Farmers State Bank	Monticello	.....	.....	.....	.....	.....	.....
First National Bank	Monticello	10,000	5,000	.....	10,000	10,000	20,000
Bank of Pierson	Pierson Station	.....	.....	.....	.....	.....	.....
S. L. Sievers & Co., Bankers	White Heath	.....	.....	.....	.....	.....	.....
Putnam County.							
First National Bank	Granville	.....	.....	10,000	.....	20,000	10,000
Granville State Bank	Granville	.....	.....	.....	.....	.....	3,000

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Putnam County—Continued.	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Putnam County Bank	Hennepin	.....	.....	.....	.....	.....	.....
First State Bank	Magnolia	.....	.....	.....	.....	.....	.....
Farmers Bank	McNabb	.....	.....	.....	1,000	1,000	2,000
Rock Island County—Directors Sales, M. S. Heagy (Rock Island and Southern part) and O. F. Anderson (Moline and Northern part).							
Buffalo Prairie Bank	Buffalo Prairie	.....	.....	15,000	15,000	.....	.....
Bank of Cordova	Cordova	.....	.....	.....	.....	.....	500
Manufacturers State Bank	East Moline	.....	.....	.....	.....	.....	.....
State Bank of East Moline	East Moline	.....	.....	.....	.....	.....	.....
Farmers & Merchants Bank	Hillsdale	5,000	.....	3,000	2,000	30,000	20,000
Hillsdale Savings Bank	Hillsdale	.....	.....	.....	.....	.....	.....
O. C. Kimball	Hillsdale	.....	.....	.....	.....	.....	.....
Commercial Savings Bank	Moline	.....	1,000	.....	.....	.....	.....
Mechanics & Merchants Savings Bank	Moline	.....	.....	.....	.....	.....	.....
Moline Trust & Savings Bank	Moline	.....	.....	.....	5,000	.....	5,000
Peoples Savings Bank & Trust Co	Moline	25,000	.....	50,000	50,000	50,000	50,000
State Savings Bank & Trust Co	Moline	.....	.....	.....	60,000	25,000	.....
Peoples Trust & Savings Bank	Port Byron	25,000	.....	25,000	.....	50,000	.....
Port Byron State Bank	Port Byron	.....	.....	.....	.....	.....	.....
Farmers State Bank	Reynolds	.....	.....	5,000	25,000	.....	.....
Reynolds Bank	Reynolds	.....	.....	30,000	10,000	.....	.....
Central Trust & Savings Bank	Rock Island	.....	20,000	40,000	50,000	100,000	50,000
German Trust & Savings Bank	Rock Island	.....	15,000	15,000	60,000	60,000	50,000
Peoples National Bank	Rock Island	.....	10,000	10,000	40,000	40,000	.....
Rock Island Savings Bank	Rock Island	25,000	45,000	25,000	75,000	50,000	75,000
State Bank of Rock Island	Rock Island	25,000	25,000	38,000	25,000	100,000	60,000
Bank of Taylor Ridge	Taylor Ridge	.....	.....	.....	.....	10,000	.....
Sangamon County—Director Sales, Geo. E. Keys, Springfield.							
Auburn State Bank	Auburn	40,000	5,000	10,000	5,000	5,000	20,000
Farmers State Bank	Auburn	.....	.....	5,000	.....	.....	.....
Buffalo Bank	Buffalo	.....	.....	.....	.....	.....	.....
Farmers State Bank	Buffalo	.....	.....	5,000	.....	3,000	.....
Caldwell State Bank	Chatham	.....	.....	.....	5,000	.....	.....
Farmers State Bank	Divernon	.....	15,000	.....	.....	.....	.....
First National Bank	Divernon	.....	.....	.....	.....	.....	.....
Farmers State Bank	Illiopolis	5,000	5,000	5,000	.....	5,000	10,000
Loami State Bank	Loami	.....	.....	20,000	30,000	20,000	10,000
A. T. Thompson & Co	Mechanicsburg	.....	10,000	†12,000	13,000	.....	.....
Warren-Boynton State Bank	New Berlin	.....	.....	.....	.....	.....	.....
First State Bank	New Berlin	.....	.....	.....	.....	.....	.....
National Bank of Pawnee	Pawnee	.....	.....	.....	.....	.....	.....
Pawnee State Bank	Pawnee	.....	.....	.....	20,000	.....	.....
Pleasant Plains State Bank	Pleasant Plains	.....	.....	.....	6,000	.....	.....
Bank of Riverton	Riverton	.....	.....	5,000	.....	.....	20,000
Rochester State Bank	Rochester	.....	.....	.....	.....	.....	.....
Farmers National Bank	Springfield	25,000	50,000	79,000	50,000	.....	50,000

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	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Sangamon County—Continued.							
Sangamon Loan & Trust Co.	Springfield	.....	25,000	147,500	154,500	.....	.....
First Trust & Savings Bank	Springfield	10,000	15,000	60,000	50,000	25,000	15,000
Illinois National Bank	Springfield	25,000	.....	55,000	30,000	.....	.....
Ridgely National Bank	Springfield	20,000	30,000	50,000	110,000	.....	.....
First National Bank	Springfield	25,000	25,000	50,000	.....	150,000	45,000
Springfield Marine Bank	Springfield	50,000	50,000	50,000	110,000	.....	150,000
State Bank of Springfield	Springfield	.....	.....	50,000	.....	25,000	.....
Williamsville Bank of J. F. Prather & Co.	Williamsville	.....	.....	20,000	13,500	.....	.....
Schuyler County—Director Sales, John S. Little, Rushville.							
Farmers & Traders Bank	Browning	.....	1,000	2,000	2,000	1,000	1,000
Peoples Bank	Camden	.....	1,000	.....	1,000	1,000	.....
Littleton State Bank	Littleton	.....	1,000	1,000	1,000	1,000	1,000
Bank of Rushville	Rushville	25,000	11,000	6,000	59,000	5,000	40,000
Rushville State Bank	Rushville	15,000	5,000	12,000	25,000	25,000	25,000
Shelby County—Director Sales, L. C. Westervelt, Shelbyville.							
First National Bank	Cowden	5,000	2,000	3,000	.....	500	.....
State Bank of Cowden	Cowden	.....	.....	.....	.....	.....	.....
Farmers State Bank	Findlay	.....	.....	.....	.....	2,500	.....
First National Bank	Findlay	.....	.....	5,000	.....	.....	.....
State Bank of Herrick	Herrick	.....	.....	.....	.....	.....	.....
Bank of Lakewood	Lakewood	.....	.....	.....	.....	.....	.....
Citizens Bank	Lakewood	.....	.....	.....	.....	.....	500
Ayers Bros.	Moweaqua	.....	2,000	.....	.....	.....	.....
First National Bank	Moweaqua	10,000	7,000	10,000	10,000	10,000	10,000
State Bank of Oconee	Oconee	.....	10,000	2,000	.....	.....	.....
Citizens National Bank	Shelbyville	.....	.....	.....	1,000	.....	.....
First National Bank	Shelbyville	.....	.....	.....	10,000	.....	.....
Shelby Co. State Bank	Shelbyville	5,000	7,000	20,000	26,000	15,000	5,000
Shelby Loan & Trust Co.	Shelbyville	.....	2,000	.....	2,000	.....	2,500
Peoples Bank	Sigel	.....	.....	2,000	2,000	.....	.....
First National Bank	Stewardson	.....	5,000	5,000	5,000	.....	.....
Strasburg State Bank	Strasburg	5,000	.....	.....	.....	15,000	.....
Tower Hill Bank	Tower Hill	.....	1,000	2,000	3,000	1,000	.....
Farmers National Bank	Westervelt	.....	2,000	3,000	2,000	5,000	.....
Citizens State Bank	Windsor	.....	.....	2,500	5,000	.....	.....
Commercial State Bank	Windsor	20,000	.....	10,000	†10,000	.....	10,000
Stark County—Director Sales, A. J. Adams, Wyoming.							
Bradford Exchange Bank	Bradford	.....	.....	.....	*5,000	5,000	.....
Phenix Banking Co.	Bradford	.....	.....	.....	.....	.....	2,000
Scott, Walters & Rakestraw	Castleton	.....	.....	.....	5,000	.....	.....
Scott, Walters & Rakestraw	Duncan	.....	.....	.....	5,000	.....	.....
LaFayette State Bank	LaFayette	.....	10,000	.....	.....	15,000	.....
Bank of Dewey, Burge & Gould	Toulon	.....	.....	.....	20,000	.....	.....
State Bank of Speer	Speer	.....	.....	.....	5,000	.....	5,000
State Bank of Toulon	Toulon	.....	4,000	6,000	10,000	.....	.....
National Bank of Wyoming	Wyoming	20,000	20,000	5,000	5,000	.....	20,000
Scott, Walters & Rakestraw	Wyoming	.....	.....	20,000	.....	10,000	1,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES— *Continued*

Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Stephenson County—Director Sales, Addison Bidwell, Freeport.						
Dakota State Bank — Dakota	.....	.....	2,000	.....	.....	.....
Farmers Bank — Davis	.....	5,000	.....	.....	.....	.....
Chas. D. Knowlton, Banker — Freeport	.....	.....	3,000	5,000	.....	.....
First National Bank — Freeport	20,000	20,000	25,000	25,000	80,000	25,000
Freeport Trust & Savings Bank — Freeport	1,000	.....	.....	5,000	.....	4,000
German Bank — Freeport	20,000	15,000	20,000	20,000	20,000	20,000
Second National Bank — Freeport	.....	10,000	.....	170,000	20,000	.....
State Bank of Freeport — Freeport	25,000	15,000	15,000	20,000	30,000	†45,000
German-American State Bank — German Valley	.....	.....	500	1,000	.....	.....
Citizens Bank — Lena	25,000	25,000	10,000	15,000	11,000	25,000
Lena Bank — Lena	.....	10,000	.....	30,000	.....	.....
McConnell Bank — McConnell	.....	.....	.....	.....	.....	.....
Orangeville State Bank — Orangeville	.....	.....	3,000	.....	.....	.....
Peoples State Bank — Orangeville	.....	.....	.....	.....	.....	.....
Pearl City Bank Co — Pearl City	20,000	10,000	.....	.....	.....	.....
Rock City State Bank — Rock City	7,000	3,000	5,000	5,000	.....	.....
State Bank of Winslow — Winslow	.....	10,000	.....	.....	.....	.....
Tazewell County—Director Sales, Adolph Fehrman, Pekin.						
Farmers State Bank — Armington	.....	.....	.....	.....	.....	.....
E. F. Verry — Armington	.....	.....	.....	10,000	10,000	.....
Deer Creek Bank — Deer Creek	.....	.....	.....	.....	.....	.....
Baldwin Bank — Delavan	5,000	2,000	3,000	15,000	.....	20,000
Tazewell County National Bank — Delavan	10,000	.....	10,000	5,000	.....	25,000
First National Bank — East Peoria	.....	.....	.....	10,000	.....	5,000
Green Valley Bank — Green Valley	15,000	.....	.....	10,000	.....	30,000
Hopedale National Bank — Hopedale	.....	.....	10,000	10,000	10,000	.....
First National Bank — Mackinaw	.....	.....	.....	15,000	.....	.....
Mackinaw State Bank — Mackinaw	.....	.....	.....	5,000	.....	.....
Farmers State Bank — Minier	.....	.....	.....	.....	2,000	.....
Minier State Bank — Minier	.....	.....	.....	.....	.....	.....
Morton State Bank — Morton	.....	.....	.....	3,000	10,000	.....
Farmers National Bank — Pekin	10,000	20,000	30,000	65,000	15,000	10,000
German-American National Bank — Pekin	10,000	10,000	15,000	30,000	40,000	40,000
Herget National Bank — Pekin	10,000	.....	10,000	10,000	20,000	10,000
First National Bank — Tremont	.....	3,000	.....	.....	.....	.....
Tremont National Bank — Tremont	.....	.....	6,000	4,000	.....	5,000
Henry Denhart & Co — Washington	.....	.....	.....	.....	10,000	.....
Vermilion County—Director Sales, G. W. Telling, Danville.						
State Bank of Allerton — Allerton	.....	5,000	5,000	5,000	5,000	5,000
Collison Bros. & Co — Alvin	.....	1,000	1,000	1,000	1,000	1,000
Farmers State Bank — Armstrong	.....	.....	.....	.....	.....	500
Farmers & Merchants Bank — Bismarck	.....	.....	2,000	.....	.....	500
First National Bank — Catlin	.....	5,000	.....	5,000	5,000	.....
C. C. Harlan & Co — Cheneyville	.....	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Vermilion County—Continued.							
Peoples Bank	Collison	.....	.....	.....	.....	1,000	.....
American Bank & Trust Co	Danville	.....	10,000	10,000	30,000	20,000	.....
Commercial Trust & Savings Bank	Danville	10,000	15,000	20,000	25,000	50,000	20,000
Danville National Bank	Danville	20,000	10,000	.....	20,000	50,000	.....
First National Bank	Danville	10,000	20,000	10,000	25,000	15,000	10,000
Palmer National Bank	Danville	.....	15,000	20,000	.....	40,000	.....
Second National Bank	Danville	5,000	.....	12,000	.....	.....	.....
Bank of East Lynn	East Lynn	.....	2,000	.....	.....	.....	.....
Exchange Bank	Fairmount	.....	3,000	3,000	3,000	3,000	.....
Portersfield's Bank	Fairmount	.....	3,000	2,000	5,000	5,000	2,000
First Bank of Fithian	Fithian	.....	.....	.....	.....	.....	.....
First State Bank	Georgetown	.....	1,000	1,000	*500	500	.....
First National Bank	Georgetown	.....	4,000	2,500	4,000	2,500	.....
Lane Bros., Bankers	Henning	.....	2,000	1,000	.....	.....	.....
First National Bank	Hoopestown	10,000	10,000	10,000	.....	10,000	10,000
Hoopestown National Bank	Hoopestown	3,000	10,000	10,000	†45,000	60,000	20,000
State Line City Bank	Illiana	.....	.....	.....	.....	.....	.....
Indianola Bank	Indianola	5,000	3,000	5,000	3,000	5,000	5,000
Bank of Jamaica	Jamaica	.....	1,000	1,500	1,500	1,000	2,000
Bank of Oakwood	Oakwood	.....	2,000	4,000	5,000	5,000	5,000
Potomac National Bank	Potomac	.....	1,000	.....	.....	2,000	.....
Goodwine Bank	Potomac	.....	1,000	2,000	.....	.....	10,000
Rankin, Witham & Co	Rankin	.....	.....	5,000	.....	5,000	5,000
City National Bank	Ridge Farm	.....	4,000	4,000	.....	7,000	3,000
First National Bank	Ridge Farm	.....	4,000	.....	13,000	.....	.....
Farmers National Bank	Rossville	.....	5,000	.....	.....	.....	.....
First National Bank	Rossville	.....	5,000	5,000	5,000	.....	5,000
First National Bank	Sidell	.....	5,000	5,000	5,000	10,000	15,000
First National Bank	Westville	5,000	5,000	5,000	7,000	5,000	.....
Westville State Bank	Westville	.....	2,000	2,000	2,000	2,000	2,000
Warren County—Director Sales, E. D. Brady, Monmouth.							
Bank of Alexis	Alexis	.....	1,000	.....	15,000	10,000	.....
First National Bank	Alexis	.....	.....	.....	10,000	10,000	.....
Farmers State Bank	Berwick	.....	.....	.....	.....	2,000	.....
State Bank of Cameron	Cameron	.....	.....	.....	1,500	10,000	.....
First National Bank	Kirkwood	.....	5,000	10,000	5,000	5,000	5,000
State Bank	Kirkwood	.....	.....	5,000	.....	15,000	.....
F. H. Watson	Kirkwood	.....	.....	.....	1,000	.....	.....
First State Bank	Little York	.....	5,000	.....	.....	5,000	.....
National Bank of Monmouth	Monmouth	.....	10,000	20,000	10,000	.....	30,000
Second National Bank	Monmouth	.....	15,000	30,000	45,000	35,000	.....
Monmouth Trust & Savings Bank	Monmouth	.....	50,000	.....	50,000	.....	.....
Peoples National Bank	Monmouth	50,000	.....	25,000	.....	25,000	15,000
First National Bank	Roseville	.....	.....	15,000	.....	20,000	.....
State Bank of Roseville	Roseville	.....	.....	.....	5,000	10,000	.....
Smithshire Union Bank	Smithshire	.....	2,000	2,000	20,000	6,000	.....
Farmers & Merchants Bank	Swan Creek	.....	.....	.....	.....	.....	.....
Swan Creek Bank	Swan Creek	.....	2,000	.....	.....	5,000	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Whiteside County—Director Sales, E. A. Smith, Morrison.							
Albany State Bank	Albany	2,000	2,000	4,000	3,000	1,000	2,000
First Trust & Savings Bank	Albany	.....	3,000	3,000	3,000	5,000	.....
First National Bank	Erie	.....	5,000	5,000	10,000	10,000	15,000
Fulton Bank	Fulton	5,000	5,000	7,000	8,000	5,000	10,000
Whiteside County State Bank	Fulton	.....	.....	.....	.....	.....	.....
First State Bank	Lyndon	.....	1,000	.....	.....	.....	.....
First National Bank	Morrison	5,000	.....	15,000	10,000	15,000	5,000
Morrison State Bank	Morrison	.....	.....	.....	10,000	.....	.....
Smith Trust & Savings Bank	Morrison	25,000	15,000	15,000	15,000	15,000	15,000
Bank of Prophetstown	Prophetstown	.....	.....	.....	.....	.....	.....
Citizens Bank	Prophetstown	.....	.....	10,000	20,000	.....	10,000
Farmers National Bank	Prophetstown	.....	.....	.....	10,000	10,000	10,000
First National Bank	Rock Falls	.....	.....	.....	15,000	.....	10,000
First National Bank	Sterling	.....	15,000	60,000	40,000	25,000	25,000
First Trust & Savings Bank	Sterling	.....	.....	.....	5,000	.....	.....
State Bank of Sterling	Sterling	5,000	.....	5,000	.....	.....	.....
Sterling National Bank	Sterling	.....	.....	20,000	50,000	30,000	.....
First National Bank	Tampico	.....	.....	.....	1,000	.....	10,000
Tampico Bank	Tampico	.....	.....	.....	20,000	.....	.....
Will County—Director Sales, F. W. Woodruff, Joliet.							
Farmers State Bank	Beecher	.....	.....	2,500	.....	2,500	.....
First State Bank	Beecher	.....	.....	.....	.....	.....	.....
W. H. Odell & Co	Braidwood	.....	.....	1,000	1,000	1,000	1,000
Illinois State Bank	Crete	.....	.....	.....	.....	1,000	.....
J. C. Beattie & Son, Bankers	Elwood	.....	.....	1,000	500	.....	500
Citizens Bank	Frankfort	.....	.....	.....	.....	.....	.....
Frankfort State Bank	Frankfort	.....	.....	.....	.....	.....	500
Commercial Trust & Savings Bank	Joliet	.....	15,000	20,000	15,000	.....	.....
First National Bank	Joliet	100,000	50,000	*100,000	100,000	100,000	100,000
Joliet National Bank	Joliet	.....	30,000	70,000	60,000	50,000	50,000
Joliet Trust & Savings Bank	Joliet	.....	.....	10,000	10,000	10,000	10,000
Will County National Bank	Joliet	25,000	.....	10,000	50,000	100,000	25,000
First National Bank	Lockport	.....	5,000	5,000	5,000	.....	.....
First National Bank	Manhattan	5,000	.....	.....	.....	.....	5,000
Manhattan Bank	Manhattan	.....	.....	.....	.....	.....	.....
Mokena State Bank	Mokena	.....	.....	.....	1,000	.....	1,000
Eastern Will County State Bank	Monee	.....	.....	.....	.....	.....	.....
Monee State Bank	Monee	.....	.....	.....	.....	.....	.....
Peotone State Bank	Peotone	.....	.....	.....	.....	.....	1,500
Bank of Peotone	Peotone	.....	.....	1,000	5,000	5,000	1,000
Citizens Bank	Peotone	3,000	.....	10,000	3,000	5,000	5,000
Plainfield State Bank	Plainfield	.....	.....	5,000	.....	10,000	10,000
Bank of Steger	Steger	.....	.....	5,000	.....	.....	5,000
Commercial National Bank	Wilmington	.....	.....	10,000	10,500	.....	.....
First National Bank	Wilmington	.....	.....	.....	.....	20,000	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Jan. 22	1918 Feb. 8	1918 Feb. 27	1918 Mar. 20	1918 April 10	1918 April 22
Winnebago County—Director Sales, H. S. Burvee, Rockford.							
Cherry Valley State Bank	Cherry Valley	.....	3,000	5,000	5,000	3,000	2,000
Citizens State Bank	Durand	.....	3,000	3,000	1,000	2,000	1,000
Durand State Bank	Durand	12,000	5,000	6,000	2,000	.....	12,000
Farmers & Merchants Savings Bank	Pecatonica	.....	10,000	5,000	5,000	20,000	3,000
Pecatonica State Bank	Pecatonica	.....	4,000	4,000	3,000	3,000	3,000
Forest City National Bank	Rockford	10,000	10,000	20,000	30,000	31,000	19,000
Manufacturers National Bank	Rockford	.....	20,000	30,000	40,000	35,000	35,000
Peoples Bank & Trust Co	Rockford	.....	20,000	23,000	.....	25,000	.....
Rockford National Bank	Rockford	30,000	43,000	52,000	75,000	225,000	157,000
Swedish-American National Bank	Rockford	20,000	15,000	15,000	10,000	10,000	10,000
Third National Bank	Rockford	20,000	40,000	40,000	50,000	25,000	40,000
Winnebago National Bank	Rockford	.....	25,000	25,000	25,000	25,000	25,000
Winnebago State Bank	Winnebago	.....	3,000	5,000	5,000	7,000	5,000
Woodford County—Director Sales, Chas. H. Ireland, Washburn.							
Farmers Bank	Benson	.....	1,000	.....	.....	.....	.....
First State Bank	Benson	.....	.....	.....	.....	4,000	.....
First National Bank	El Paso	10,000	5,000	11,000	5,000	15,000	.....
Woodford County National Bank	El Paso	5,000	4,000	6,000	40,500	.....	.....
Farmers State Bank	Eureka	.....	10,000	40,000	10,000	25,000	.....
First National Bank	Eureka	.....	2,000	.....	4,000	3,000	.....
Goodfield Bank	Goodfield	.....	.....	.....	.....	1,000	.....
Banta Bros. & Co	Lowpoint	.....	1,000	1,000	.....	.....	.....
Metamora Bank	Metamora	5,000	8,000	8,000	20,000	8,000	20,000
First National Bank	Minonk	.....	.....	.....	.....	.....	.....
Minonk State Bank	Minonk	.....	10,000	.....	10,000	1,000	10,000
German-American State Bank	Roanoke	.....	3,000	2,000	.....	.....	.....
First National Bank	Secor	.....	3,000	.....	.....	.....	.....
Peoples Bank	Washburn	.....	.....	.....	2,000	.....	.....
Washburn Bank	Washburn	.....	3,000	13,000	3,000	25,000	3,000

TOTAL SUBSCRIPTIONS FROM ILLINOIS—JANUARY TO MAY, 1918

Issues	Jan. 22	Feb. 8	Feb. 27	Mar. 20	April 10	April 22
Quota	$17,673,000	$22,028,000	$22,028,000	$26,520,000	$27,405,000	$27,405,000
Subscriptions	13,110,000	19,066,000	26,706,000	28,862,500	31,650,000	30,311,500
Number of Banks	1,309	1,309	1,309	1,309	1,309	1,309
Number of Subscribers	297	478	722	874	684	525

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—JUNE TO NOVEMBER, 1918.

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Boone County—								
Director Sales, G. M. Marshall, Belvidere.								
Assistant, A. Gates White, Belvidere.								
*Farmers State Bank	Belvidere	20,000	10,000	10,000	10,000	10,000	12,000	10,000
*First National Bank	Belvidere	16,000	16,500	9,000	9,000	10,000	10,000	5,000
*Peoples Bank	Belvidere	25,000	20,000	10,000	13,000	13,000	16,000	16,000
*Second National Bank	Belvidere	20,000	15,000	10,000	11,000	10,000	11,000	15,000
*Caledonia National Bank	Caledonia	2,000	2,000	2,000	*2,000	5,000	4,000	10,000
*Capron Bank	Capron	10,000	.....	.....	8,000	20,000	.....	.....
*Poplar Grove Bank	Poplar Grove	.....	10,000	5,000	5,000	15,000	5,000	.....
	Total	93,000	73,500	46,000	56,000	83,000	58,000	56,000
Bureau County—								
Director Sales, C. H. Coll, Princeton.								
Assistant, Charles W. Boyden, Sheffield.								
Arlington State Bank	Arlington	.....	.....	1,000	1,000	.....	.....	.....
Citizens State Bank	Buda	.....	10,000	.....	.....	.....	.....	.....
*Lindner & Boyden	Buda	5,000	.....	5,000	10,000	.....	10,000	.....
*State Bank of Cherry	Cherry	1,000	2,000	2,000	3,000	10,000	10,000	2,000
*Depue State Bank	Depue	15,000	15,000	.....	5,000	10,000	5,000	2,500
*Farmers & Miners Bank	Ladd	10,000	5,000	6,000	6,000	6,000	7,000	8,500
Norris & Kendall	Lamoille	5,000	5,000	5,000	5,000	.....	.....	.....
Farmers & Traders State Bank	Malden	.....	.....	2,500	2,500	500	2,000	.....
*First National Bank	Manlius	3,000	2,000	.....	.....	.....	10,000	12,500
*First State Bank	Manlius	10,000	.....	5,000	.....	5,000	10,000	3,000
*E. J. Ely & Co., Bankers	Mineral	.....	500	2,500	500	5,000	2,000	6,000
W. E. Whaples & Co	Neponset	2,500	2,000	3,500	3,500	3,000	6,000	.....
*Farmers National Bank	New Bedford	1,000	1,000	500	500	1,000	500	1,000
*First State Bank	Ohio	10,000	10,000	10,000	10,000	10,000	10,000	5,000
*Citizens National Bank	Princeton	34,500	34,500	57,000	24,000	35,000	28,500	23,000
*Farmers National Bank	Princeton	25,000	5,000	15,000	15,000	25,000	25,000	50,000
*First National Bank	Princeton	10,000	20,000	20,000	20,000	30,000	.....	21,000
*First State Bank	Princeton	17,500	15,000	10,000	20,000	10,000	10,000	5,000
*Seatonville State Bank	Seatonville	5,000	5,000	.....	.....	.....	.....	.....
*Farmers State Bank	Sheffield	5,000	5,000	8,000	8,000	15,000	15,000	10,000
*Spring Valley City Bank	Spring Valley	6,000	10,000	10,000	10,000	15,000	10,000	10,000
*Bank of Tiskilwa	Tiskilwa	6,000	6,000	6,000	6,000	6,000	6,000	4,000
*First State Bank	Tiskilwa	7,000	7,000	7,000	7,500	6,500	5,500	5,000
*Citizens Bank	Walnut	2,500	2,000	2,500	2,500	2,500	2,500	2,500
*Walnut Bank	Walnut	2,000	2,500	4,500	4,500	6,000	5,000	6,000
Bank of Wyanet	Wyanet	.....	6,000	.....	6,000	.....	.....	.....
*First National Bank	Wyanet	5,000	5,000	5,500	.....	5,000	5,000	5,000
	Total	188,000	175,500	188,500	170,500	206,500	185,000	182,000

EXPLANATION

* Before amount indicates subscription received too late for allotment.
† Before amount indicates subscription allotted in part.
* In left-hand margin indicates the bank has covered its quota for the series.

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Carroll County— Director Sales, J. S. Miles, Mt. Carroll. Assistant, E. C. Franck, Lanark.								
*Farmers State Bank	Chadwick	10,000	8,000	5,000	5,000	5,000	5,000	2,000
*First National Bank	Chadwick	8,000	8,000	8,000	*6,000	.....	8,000	9,500
*Exchange State Bank	Lanark	8,500	8,500	7,000	7,000	3,000	3,000	.....
*First National Bank	Lanark	17,000	17,000	17,000	14,000	10,000	5,000	5,000
*Shumway State Bank	Milledgeville	15,000	10,000	15,000	12,000	8,000	10,000	.....
*Carroll County State Bank	Mount Carroll	20,000	20,000	10,000	20,000	15,000	17,000	.....
*First National Bank	Mount Carroll	12,000	13,000	10,000	10,000	5,000	5,000	5,000
*First State Savings Bank	Mount Carroll	12,000	13,000	10,000	10,000	5,000	5,000	5,000
*Commercial State Bank	Savanna	.....	10,000	20,000	.....	30,000	20,000	.....
*First National Bank	Savanna	15,000	25,000	5,000	10,000	5,000	5,000	.....
*Savanna State Bank	Savanna	10,000	15,000	5,000	10,000	5,000	5,000	.....
*State Bank of Shannon	Shannon	5,000	10,000	10,000	5,000	5,000	.....	.....
*Thompson Bank	Thompson	10,000	10,000	.....	5,000	5,000	5,000	5,000
	Total	142,500	167,500	122,000	114,000	101,000	93,000	31,500
Cass County— Director Sales, Matt. Yaple, Virginia. Assistant, W. K. Mertz, Chandlerville.								
*Farmers & Merchants State Bank	Arenzville	2,000	2,000	2,000	.....	.....	.....	10,500
*First National Bank	Arenzville	5,000	5,000	40,000	28,000	25,000	.....	.....
*Bank of Skiles, Rearick & Co	Ashland	15,000	20,000	15,000	15,000	15,000	15,000	15,000
*Farmers State Bank	Ashland	.....	.....	5,000	.....	20,000	15,000	.....
Beardstown State Bank	Beardstown	.....	.....	.....	10,000	.....	.....	.....
*First National Bank	Beardstown	20,000	20,000	20,000	20,000	20,000	20,000	40,000
*First State Bank	Beardstown	15,000	15,000	15,000	15,000	15,000	25,000	24,000
*Peoples State Bank	Chandlerville	.....	.....	.....	.....	.....	3,000	13,500
*State Bank of Chandlerville	Chandlerville	5,000	10,000	10,000	10,000	10,000	10,000	15,000
*Centennial National Bank	Virginia	5,000	.....	10,000	5,000	10,000	5,000	.....
*Peoples Bank	Virginia	20,000	5,000	.....	10,000	10,000	5,000	5,000
*Petefish, Skiles & Co	Virginia	15,000	15,000	13,000	10,000	25,000	10,000	12,000
	Total	102,000	92,000	130,000	123,000	150,000	108,000	135,000
Champaign County— Director Sales, C. L. Maxwell, Champaign. Assistant, N. M. Harris, Champaign.								
*Bondville Bank	Bondville	5,000	5,000	5,000	5,000	.....	.....	.....
*Bank of Broadlands	Broadlands	5,000	2,500	3,500	*2,500	5,000	.....	11,500
*Champaign National Bank	Champaign	25,000	10,000	18,000	10,000	15,000	10,000	33,000
*Citizens State Bank	Champaign	50,500	15,000	20,000	50,000	75,000	25,000	40,000
*Commercial Bank	Champaign	3,000	5,000	.....	10,000	5,000	10,000	.....
*First National Bank	Champaign	50,000	50,000	50,000	50,000	100,000	100,000	50,000
First University Bank	Champaign	1,000	.....	.....	.....	.....	.....	.....
Illini Bank	Champaign	.....	.....	.....	.....	.....	.....	.....
*Illinois Trust & Savings Bank	Champaign	22,500	15,000	12,500	10,500	10,000	15,000	32,500

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Champaign County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Trevett-Mattis Banking Co	Champaign	25,000	15,000	15,000	15,000	30,000	10,000	20,000
*Dewey Bank	Dewey	3,000	2,000	2,500	2,500	2,500	2,500	2,000
*First State Bank	Fisher	.....	.....	10,000	.....	15,000	.....	.....
*Fisher Bank	Fisher	.....	5,000	5,000	5,000	.....	.....	12,500
*Bank of Foosland	Foosland	1,000	1,000	1,000	1,000	2,000	6,000	3,000
*Morse State Bank	Gifford	5,000	5,000	10,000	20,000	10,000	5,000	5,000
Citizens Bank	Homer	3,000	.....	.....	.....	.....	.....	15,000
*Raynor & Baab	Homer	4,000	.....	4,000	4,000	4,500	3,500	3,000
*First National Bank	Ivesdale	4,000	4,000	8,000	10,000	10,000	11,000	10,000
Longview Bank	Longview	.....	.....	3,000	3,000	3,000	.....	.....
*Bank of Ludlow	Ludlow	.....	1,500	.....	2,000	.....	.....	2,500
Farmers Bank	Mahomet	.....	.....	.....	.....	.....	.....	.....
Mahomet Bank	Mahomet	.....	1,000	5,000	5,000	.....	.....	.....
*First National Bank	Ogden	4,000	5,000	5,000	5,000	10,000	5,000	8,000
*Ogden Bank	Ogden	3,000	6,000	.....	.....	5,000	.....	5,000
*Bank of Penfield	Penfield	2,000	2,000	20,000	10,000	10,000	.....	10,000
*Bank of Pesotum	Pesotum	5,000	.....	4,000	5,000	6,000	5,000	.....
*Farmers & Merchants Bank	Pesotum	6,000	6,000	6,000	12,000	20,000	15,000	.....
*Philo Commercial Bank	Philo	2,500	2,500	2,500	5,000	10,000	10,000	5,000
*Philo Exchange Bank	Philo	8,000	5,000	5,000	.....	15,000	15,000	27,000
*Commercial Bank	Rantoul	3,000	2,000	2,000	2,000	.....	3,500	10,000
*First National Bank	Rantoul	16,000	20,000	14,000	20,000	.....	80,000	65,000
*Fowler Bank	Rantoul	2,500	2,500	2,500	5,000	5,000	2,500	2,500
*Royal Bank	Royal	2,500	2,500	2,000	2,000	3,000	2,500	2,500
*Bank of Sadorus	Sadorus	2,000	2,000	3,000	5,000	10,000	3,000	5,000
*Farmers First State Bank	Sadorus	4,500	4,000	5,000	5,000	4,500	5,000	4,500
Exchange Bank	St. Joseph	2,000	.....	2,000	2,000	.....	2,000	.....
*St. Joseph Bank	St. Joseph	2,000	.....	2,000	2,000	3,000	.....	.....
*Dighton & Hetishee	Seymour	4,000	3,000	3,000	3,000	4,000	3,000	2,500
*State Bank of Sidney	Sidney	2,000	3,000	6,000	5,000	4,000	5,000	.....
Winstons Bank	Sidney	1,000	.....	5,000	3,000	3,000	.....	.....
*First National Bank	Thomasboro	5,000	4,500	5,000	15,500	20,000	5,500	5,000
Bank of Tolono	Tolono	.....	.....	.....	.....	.....	.....	.....
Citizens Bank	Tolono	.....	.....	.....	*3,000	3,000	.....	.....
*Bussey's State Bank	Urbana	10,000	15,000	15,000	20,000	30,000	30,000	15,000
First National Bank	Urbana	.....	5,000	10,000	7,500	10,000	7,500	10,000
*First State Trust & Savings Bank	Urbana	.....	.....	5,000	5,000	5,000	5,000	5,000
*Urbana Banking Co	Urbana	20,000	20,000	20,000	20,000	20,000	10,000	20,000
	Total	309,000	247,000	316,500	362,000	487,500	412,500	442,000
Christian County— Director Sales, J. A. Adams, Taylorville. Assistant, J. E. Reese, Pana.								
*First National Bank	Assumption	.....	.....	10,000	15,000	15,000	10,000	.....
Illinois State Bank	Assumption	25,000	.....	.....	10,000	.....	13,000	.....
*Farmers State Bank	Bulpitt	.....	2,000	.....	.....	.....	20,000	.....
*Citizens State Bank	Edinburg	.....	6,000	6,000	6,000	6,000	6,000	6,000
*Turner State Bank	Edinburg	.....	3,500	3,500	3,500	3,500	3,000	3,000
Grove City Bank	Grove City	.....	.....	.....	.....	.....	*4,000	4,000
Kincaid Trust & Savings Bank	Kincaid	.....	.....	5,000	.....	5,000	5,000	.....
Farmers State Bank	Morrisonville	.....	.....	.....	.....	.....	.....	.....
First National Bank	Morrisonville	.....	.....	20,000	.....	.....	.....	.....
Louis Johnson & Sons, Bankers	Morrisonville	2,000	2,000	2,000	2,000	4,000	2,000	15,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Christian County—Continued.								
First National Bank	Mt. Auburn	.....	.....	.....	5,000	.....	10,000	.....
*Mt. Auburn State Bank	Mt. Auburn	.....	.....	.....	6,500	.....	.....	.....
Eaton State Bank	Owaneco	6,500	.....	4,000	5,000	.....	5,000	.....
*Palmer State Bank	Palmer	5,000	.....	.....	.....	.....	5,000	7,500
*Pana National Bank	Pana	10,000	10,000	10,000	10,000	10,000	11,000	.....
*H. N. Schuyler State Bank	Pana	60,000	10,000	20,000	15,000	35,000	44,000	28,000
*Peoples Bank	Rosemond	.....	1,000	.....	.....	.....	.....	2,500
Farmers State Bank	Stonington	.....	.....	.....	10,000	.....	6,000	.....
*First National Bank	Stonington	5,000	.....	5,000	20,000	20,000	20,000	.....
John B. Colegrove & Co	Taylorville	7,000	9,000	.....	.....	50,000	.....	.....
*Farmers National Bank	Taylorville	.....	14,000	15,000	16,000	16,500	15,000	14,500
*First National Bank	Taylorville	5,000	28,000	28,000	28,000	50,000	23,000	20,000
*Taylorville National Bank	Taylorville	.....	15,000	15,000	30,000	30,000	15,000	10,000
*H. N. Vandeveer	Taylorville	200,000	.....	.....	.....	100,000	.....	.....
	Total	325,500	100,500	143,500	182,000	345,000	213,000	110,500
Clark County— Director Sales, F. W. Greenough, Marshall.								
*Casey National Bank	Casey	15,000	5,000	10,000	5,000	.....	15,000	10,000
Eagle Bank	Casey	.....	.....	5,000	.....	.....	.....	.....
*First National Bank	Casey	10,000	.....	5,000	5,000	10,000	10,000	27,500
*Dulaney National Bank	Marshall	20,000	20,000	20,000	20,000	20,000	20,000	20,000
*Marshall State Bank	Marshall	5,000	6,000	7,000	.....	5,000	5,000	7,000
*First National Bank	Martinville	7,500	7,500	7,500	7,500	7,500	7,500	7,500
*Martinville State Bank	Martinville	10,000	9,000	.....	10,000	8,000	.....	5,000
*First National Bank	Westfield	.....	10,000	10,000	20,000	20,000	20,000	.....
*Farmers & Merchants Bank	West Union	*2,000	2,000	2,000	.....	.....	.....	1,500
	Total	69,500	59,500	66,500	67,500	70,500	77,500	78,500
Coles County— Director Sales, Fred Grant, Mattoon. Assistant, F. G. Hudson, Charleston.								
*Corn Exchange Bank	Ashmore	5,000	3,000	2,000	2,000	.....	5,000	5,000
*Charleston Trust & Savings Bank	Charleston	17,000	13,000	10,000	15,000	30,000	12,000	10,000
*First National Bank	Charleston	37,000	20,000	21,000	21,000	21,000	24,000	21,000
*Second National Bank	Charleston	24,000	18,500	14,000	14,000	14,000	21,000	14,000
*First National Bank	Humboldt	4,000	4,000	4,000	10,000	10,000	10,000	10,000
*First National Bank	Lerna	4,000	4,000	6,000	10,000	10,000	10,000	6,000
*Central Illinois Trust & Savings Bank	Mattoon	22,500	17,500	12,000	12,000	12,000	14,000	14,500
*National Bank of Mattoon	Mattoon	58,500	44,500	31,000	31,000	40,000	40,000	40,000
*State National Bank	Mattoon	25,000	19,000	14,000	15,000	14,000	16,000	15,000
*Citizens Bank	Oakland	4,500	3,500	2,000	2,000	2,000	2,500	3,000
*Oakland National Bank	Oakland	8,500	6,500	.....	10,000	5,000	5,500	5,500
*Rardin Bank	Rardin	2,000	2,000	1,000	1,000	1,000	1,500	1,000
Peoples Bank	Trilla	.....	.....	.....	1,000	.....	.....	.....
	Total	212,000	163,500	117,000	144,000	159,000	161,500	145,000
Cook County— Director Sales, L. S. Ritter. Assistant, Don P. Hayn.								
*Adams State Bank	Chicago	5,000	5,000	5,000	10,000	10,000	10,000	20,000
Aetna State Bank	Chicago	.....	.....	12,000	5,000	.....	.....	40,000

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Cook County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
American State Bank	Chicago	5,000	30,000	30,000	22,000	.....	10,000	75,000
Atlas Exchange National Bank	Chicago	.....	15,000	10,000	.....	.....	.....	.....
Austin National Bank	Chicago	.....	10,000	10,000	15,000	15,000	10,000	20,000
Austin Savings Bank	Chicago	2,000	2,000	.....	4,000	.....	.....	.....
Austin State Bank	Chicago	50,000	50,000	40,000	40,000	40,000	40,000	40,000
Bank of Calumet	Chicago	.....	.....	.....	.....	.....	.....	.....
Blue Island Avenue Savings Bank	Chicago	.....	.....	2,500	.....	.....	.....	.....
Bowmanville National Bank	Chicago	10,000	10,000	5,000	5,000	10,000	10,000	10,000
*Calumet National Bank	Chicago	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Calumet Trust & Savings Bank	Chicago	5,500	.....	.....	1,000	.....	.....	5,000
*Capital State Savings Bank	Chicago	10,000	30,000	20,000	21,500	20,000	20,000	20,000
Central Mfg. District Bank	Chicago	50,000	50,000	50,000	50,000	52,000	50,000	.....
*Central Trust Co. of Illinois	Chicago	1,000,000	2,000,000	1,003,000	1,064,000	1,050,000	1,000,000	1,000,000
Century Trust & Savings Bank	Chicago	10,000	.....	20,000	.....	.....	15,000	5,000
Chicago Avenue Savings Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
*Chicago City Bank & Trust Co	Chicago	75,000	90,000	75,000	50,000	50,000	60,000	76,000
*Chicago Savings Bank & Trust Co	Chicago	300,000	300,000	300,000	300,000	200,000	240,000	200,000
Citizens State Bank of Lake View	Chicago	20,000	20,000	10,000	10,000	10,000	5,000	10,000
Citizens Trust & Savings Bank	Chicago	.....	5,000	.....	5,000	.....	.....	15,000
City State Bank	Chicago	.....	1,000	.....	.....	.....	.....	2,000
Commercial Savings Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
Commonwealth Savings Bank	Chicago	500	500	500	500	500	500	500
*Continental & Commercial National Bank	Chicago	14,952,000	1,270,500	2,000,000	5,500,000	3,002,000	5,500,000	3,500,000
*Continental & Commercial Trust & Sav. Bank	Chicago	1,016,500	1,000,000	1,000,000	1,120,000	500,000	500,000	500,000
Corn Exchange National Bank	Chicago	2,500,000	1,500,000	1,500,000	1,500,000	1,000,000	1,500,000	1,000,000
*Cosmopolitan State Bank	Chicago	170,000	.....	10,000	15,000	.....	.....	3,000
Cottage Grove Bank	Chicago	.....	2,000	3,000	.....	.....	.....	.....
Crawford State Savings Bank	Chicago	5,000	.....	.....	2,500	.....	.....	.....
*Depositors State & Savings Bank	Chicago	25,000	50,000	25,000	25,000	25,000	25,000	136,000
Dressel Commercial & Savings Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
*Drexel State Bank	Chicago	100,000	100,000	100,000	154,000	150,000	100,000	175,000
*Drovers National Bank	Chicago	300,000	350,000	250,000	250,000	250,000	200,000	226,000
*Drovers Trust & Savings Bank	Chicago	100,000	50,000	50,000	50,000	50,000	50,000	178,000
*Englewood State Bank	Chicago	40,000	25,000	.....	.....	25,000	25,000	119,000
*First National Bank	Chicago	6,172,500	6,215,000	4,150,000	4,090,000	4,180,000	5,132,000	5,063,500
First National Bank of Englewood	Chicago	25,000	50,000	50,000	50,000	.....	100,000	100,000
*First Trust & Savings Bank	Chicago	5,000,000	1,037,000	2,000,000	1,000,000	30,000	1,012,500	1,500,000
Foreman Bros. Banking Co	Chicago	400,000	300,000	300,000	100,000	200,000	100,000	300,000
Fort Dearborn National Bank	Chicago	1,500,000	1,500,000	500,000	500,000	500,000	.....	.....
Fort Dearborn Trust & Savings Bank	Chicago	125,000	125,000	.....	.....	.....	.....	500
Franklin Trust & Savings Bank	Chicago	50,000	30,000	20,000	.....	.....	25,000	.....
Fullerton-Southport State Savings Bank	Chicago	10,000	10,000	.....	.....	10,000	10,000	.....
Garfield Park State Savings Bank	Chicago	10,000	10,000	10,000	20,000	10,000	10,000	60,000
Greenebaum Sons Bank & Trust Co	Chicago	200,000	200,000	200,000	.....	100,000	100,000	.....
Guarantee Trust & Savings Bank	Chicago	5,000	10,000	5,000	5,000	5,000	5,000	5,000
Halsted Street State Bank	Chicago	5,000	5,000	.....	.....	5,000	.....	5,000
*Harris Trust & Savings Bank	Chicago	750,000	750,000	600,000	500,000	500,000	600,000	500,000
Hibernian Banking Association	Chicago	250,000	250,000	200,000	253,500	250,000	200,000	200,000
A. H. Hill State Bank	Chicago	.....	1,000	1,000	.....	10,000	1,000	1,000
*Home Bank & Trust Co	Chicago	25,000	25,000	35,000	35,000	35,000	35,000	115,000
*Humboldt State Bank	Chicago	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*Hyde Park State Bank	Chicago	45,000	45,000	30,000	30,000	30,000	30,000	30,000
Illinois State Bank	Chicago	.....	5,000	.....	.....	.....	.....	.....

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Cook County—Continued.	Town	June 25 1918	July 9 1918	July 23 1918	Aug. 6 1918	Sept. 3 1918	Sept. 17 1918	Oct. 1 1918
Illinois Trust & Savings Bank	Chicago	2,050,000	1,500,000	1,000,000	1,105,500	3,000,500	3,000,000	35,000
*Immel & Sons Bank	Chicago	.....	2,000	1,000	1,000	1,000	1,000	9,000
Independence State Bank	Chicago	25,000	.....	.....	.....	.....	.....	25,000
*Inter-State National Bank of Hegewisch	Chicago	10,000	10,000	10,000	10,000	10,000	10,000	12,000
*Irving Park National Bank	Chicago	35,000	35,000	35,000	35,000	26,000	32,000	30,000
*Jefferson Park National Bank	Chicago	20,000	15,000	15,000	15,000	20,000	15,000	15,000
*Kaspar State Bank	Chicago	100,000	125,000	75,000	75,000	75,000	100,000	145,000
*Kenwood Trust & Savings Bank	Chicago	75,000	75,000	.....	50,000	100,000	100,000	200,000
*Raymond G. Kimball & Co	Chicago	5,000	7,500	7,500	5,000	5,000	10,000	12,000
Kirchman Savings Bank	Chicago	5,000	5,000	.....	.....	.....	.....	.....
Krause State Savings Bank	Chicago	10,000	5,000	25,000	15,000	25,000	20,000	20,000
Lakeview State Bank	Chicago	5,000	15,000	10,000	10,000	10,000	.....	20,000
Lake View Trust & Savings Bank	Chicago	10,000	10,000	20,000	10,000	10,000	10,000	10,000
*Lawndale National Bank	Chicago	50,000	25,000	25,000	50,000	50,000	40,000	50,000
Lawndale State Bank	Chicago	40,000	20,000	20,000	20,000	20,000	45,000	.....
*Liberty Trust & Savings Bank	Chicago	50,000	50,000	50,000	50,000	30,000	40,000	40,000
Lincoln State Bank	Chicago	10,000	.....	.....	.....	.....	1,000	.....
Lincoln Trust & Savings Bank	Chicago	10,000	10,000	.....	10,000	10,000	.....	10,000
*Live Stock Exchange National Bank	Chicago	500,000	500,000	500,000	550,000	350,000	400,000	350,000
Logan Square Trust & Savings Bank	Chicago	.....	.....	15,000	.....	50,000	.....	25,000
*Madison & Kedzie State Bank	Chicago	37,500	37,500	25,000	25,000	25,000	30,000	30,000
Market Trust & Savings Bank	Chicago	.....	20,000	.....	.....	.....	.....	.....
Mechanics & Traders State Bank	Chicago	50,000	50,000	.....	50,000	50,000	.....	.....
*Mercantile Trust & Savings Bank	Chicago	75,000	75,000	50,000	50,000	50,000	60,000	50,000
Merchants Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
Merchants Exchange Bank	Chicago	1,000	.....	1,000	1,000	1,000	1,000	2,000
* Merchants Loan & Trust Co	Chicago	10,800,000	2,500,000	1,750,000	5,050,000	1,730,000	1,500,000	1,000,000
Metropolitan State Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
Michigan Avenue Trust Co	Chicago	20,000	20,000	20,000	20,000	30,000	20,000	20,000
*Mid-City Trust & Savings Bank	Chicago	125,000	125,000	125,000	125,000	.....	100,000	75,000
*Mutual National Bank	Chicago	10,000	5,000	5,000	5,000	5,000	5,000	20,000
*National Bank of the Republic	Chicago	1,141,500	755,000	805,500	875,000	1,080,000	555,000	507,500
*National City Bank	Chicago	1,000,000	750,000	700,000	700,000	700,000	800,000	500,000
National Produce Bank	Chicago	100,000	75,000	51,000	50,000	50,000	50,000	35,000
*Noel State Bank	Chicago	75,000	75,000	75,000	50,000	75,000	60,000	50,000
North Avenue State Bank	Chicago	10,000	10,000	45,000	20,000	25,000	20,000	.....
Northern Trust Co. Bank	Chicago	375,000	450,000	250,000	250,000	250,000	750,000	1,400,000
North Side State Savings Bank	Chicago	15,000	25,000	15,000	15,000	15,000	15,000	15,000
*North-Western Trust & Savings Bank	Chicago	103,000	100,000	100,000	100,000	100,000	100,000	194,500
Ogden Avenue State Bank	Chicago	5,000	5,000	5,000	5,000	10,000	.....	15,000
*Peoples Stock Yards State Bank	Chicago	175,000	175,000	175,000	175,000	167,500	.....	.....
*Peoples Trust & Savings Bank	Chicago	150,000	200,000	200,000	200,000	200,000	175,000	150,000
Phillip State Bank	Chicago	10,000	5,000	10,000	.....	.....	.....	10,000
*Pioneer State Savings Bank	Chicago	10,000	10,000	15,000	15,000	20,000	20,000	25,000
*Pullman Trust & Savings Bank	Chicago	150,000	50,000	100,000	100,000	100,000	50,000	50,000
*Ravenswood National Bank	Chicago	.....	5,000	10,000	5,000	20,000	20,000	10,000
Reliance State Bank	Chicago	10,000	40,000	25,000	25,000	25,000	25,000	.....
Rogers Park National Bank	Chicago	10,000	45,000	.....	.....	.....	.....	.....
*Roseland State Savings Bank	Chicago	.....	25,000	50,000	25,000	50,000	25,000	25,000
*Schiff & Co. State Bank	Chicago	25,000	25,000	25,000	25,000	25,000	25,000	125,000
*Second Security Bank	Chicago	50,000	50,000	50,000	30,000	30,000	30,000	30,000
*Security Bank	Chicago	100,000	100,000	100,000	70,000	75,000	85,000	120,000
Sheridan Trust & Savings Bank	Chicago	50,000	50,000	.....	.....	.....	.....	50,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Cook County—Continued.	Town	June 25 1918	July 9 1918	July 23 1918	Aug. 6 1918	Sept. 3 1918	Sept. 17 1918	Oct. 1 1918
Sixty-third Street Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
63rd & Halsted State Savings Bank	Chicago	1,000	2,000	2,000	2,000	.....	.....	5,000
South Chicago Savings Bank	Chicago	50,000	100,000	50,000	50,000	50,000	50,000	50,000
South Side Savings Bank	Chicago	.....	.....	.....	.....	.....	.....	.....
South Side State Bank	Chicago	30,000	10,000	10,000	20,000	15,000	25,000	20,000
Southwest State Bank	Chicago	5,000	5,000	5,000	20,000	10,000	10,000	10,000
Southwest Trust & Savings Bank	Chicago	.....	5,000	.....	5,000	5,000	.....	5,000
*Standard Trust & Savings Bank	Chicago	200,000	200,000	100,000	100,000	400,000	132,000	203,000
State Bank of Chicago	Chicago	810,000	621,000	500,000	501,000	500,000	500,000	500,000
*State Bank of Clearing	Chicago	4,000	4,000	4,000	4,000	4,000	.....	5,000
*State Bank of West Pullman	Chicago	12,500	12,500	.....	5,000	5,000	2,500	17,500
State Commercial & Savings Bank	Chicago	.....	.....	5,000	.....	.....	.....	.....
*Stockmens Trust & Savings Bank	Chicago	30,000	30,000	30,000	30,000	30,000	30,000	20,000
*Stock Yards Savings Bank	Chicago	100,000	100,000	100,000	50,000	50,000	50,000	52,000
Stony Island Trust & Savings Bank	Chicago	2,000	4,000	4,500	4,000	4,000	4,000	4,000
Twelfth Street Savings Bank	Chicago	.....	.....	.....	.....	.....	4,000	2,000
Union Bank of Chicago	Chicago	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Union Bank of South Chicago	Chicago	2,000	.....	2,000	2,000	4,000	.....	.....
Union Trust Company	Chicago	745,000	700,000	250,000	500,000	500,000	811,000	430,000
United State Bank	Chicago	5,000	.....	5,000	5,000	.....	.....	5,000
*Universal State Bank	Chicago	2,500	2,500	22,500	22,500	.....	.....	49,500
*Wachowski Savings Bank	Chicago	10,000	.....	2,000	5,000	5,000	5,000	5,000
*Washington Park National Bank	Chicago	75,000	75,000	50,000	50,000	50,000	50,000	50,000
West Englewood Ashland State Bank	Chicago	.....	5,000	5,000	10,000	10,000	10,000	10,000
West Side National Bank	Chicago	5,000	.....	5,000	5,000	5,000	.....	.....
*West Side Trust & Savings Bank	Chicago	125,000	125,000	125,000	125,000	125,000	125,000	125,000
West Town State Bank	Chicago	15,000	10,000	20,000	.....	.....	10,000	25,000
*Woodlawn Trust & Savings Bank	Chicago	75,000	75,000	50,000	50,000	50,000	60,000	50,000
*Wiersema State Bank	Chicago	15,000	20,000	25,000	25,000	25,000	30,000	25,000
Windsor Park Bank	Chicago	.....	.....	1,000	1,500	.....	.....	.....
Individual Subscriptions	Chicago	805,000	494,000	473,500	229,500	154,000	93,500	266,500
*Argo State Bank	Argo	5,000	10,000	5,000	10,000	.....	10,000	.....
Arlington Heights State Bank	Arlington Heights	2,000	3,000	4,000	6,000	5,000	5,000	.....
Peoples State Bank	Arlington Heights	4,000	.....	.....	5,000	*3,000	5,000	.....
First State Bank	Barrington	1,000	1,000	1,000	1,000	2,000	2,000	2,000
Bartlett State Bank	Bartlett	.....	.....	.....	.....	.....	.....	.....
Bellwood State Bank	Bellwood	.....	.....	.....	*1,000	.....	1,000	.....
Berwyn State Bank	Berwyn	5,000	5,000	2,500	2,500	.....	5,000	5,000
Twelfth Street State Bank	Berwyn	2,000	1,000	1,000	1,000	.....	.....	.....
Blue Island State Bank	Blue Island	.....	2,000	.....	8,000	5,000	5,000	.....
Commercial Bank	Blue Island	12,500	17,500	25,000	30,000	30,000	20,000	25,000
Brookfield State Bank	Brookfield	2,000	.....	.....	2,000	.....	2,000	.....
*Commercial Bank	Chicago Heights	5,000	5,000	7,500	7,500	10,000	10,000	10,000
*First National Bank	Chicago Heights	30,000	30,000	30,000	30,000	30,000	50,000	30,000
First State Bank	Chicago Heights	.....	15,000	10,000	15,000	10,000	10,000	10,000
Baker & Son Savings Bank	Cicero	2,000	.....	.....	.....	.....	.....	.....
Cicero State Bank	Cicero	15,000	10,000	15,000	10,000	10,000	10,000	.....
*Kirchman State Bank	Cicero	15,000	15,000	5,000	10,000	15,000	15,000	15,000
Morton Park State Bank	Cicero	5,000	2,500	2,500	2,000	4,000	6,000	10,000
Pinkert State Bank	Cicero	3,000	3,000	3,000	.....	.....	3,000	2,500
Des Plaines State Bank	Des Plaines	5,000	5,000	5,000	7,000	10,000	5,000	.....
First National Bank	Des Plaines	5,000	6,000	2,000	2,000	3,000	3,000	.....
First National Bank	Dolton	.....	5,000	5,000	5,000	5,000	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Cook County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
First National Bank	Evanston	50,000	50,000	50,000	50,000	100,000	150,000	100,000
*City National Bank	Evanston	50,000	50,000	50,000	*50,000	100,000	150,000	100,000
Evanston Trust & Savings Bank	Evanston	20,000	20,000	5,000	5,000	5,000	5,000	5,000
*State Bank of Evanston	Evanston	100,000	101,000	100,000	60,000	100,000	80,000	60,000
Forest Park State Bank	Forest Park	3,000	2,000	3,000	3,000	3,000	3,000	2,000
Harlem State Savings Bank	Forest Park	20,000	.....	10,000	10,000	10,000	13,500	10,000
Franklin Park State Bank	Franklin Park	.....	.....	.....	5,000	.....	.....	.....
Glencoe State Bank	Glencoe	2,000	2,000	.....	4,000	2,000	2,000	.....
*Bank of Harvey	Harvey	12,500	12,500	12,500	12,500	25,000	.....	.....
First National Bank	Harvey	20,000	20,000	10,000	10,000	5,000	.....	10,000
Homewood State Bank	Homewood	4,000	.....	.....	.....	.....	6,000	.....
LaGrange State Bank	La Grange	.....	.....	.....	15,000	.....	15,000	20,000
LaGrange Trust & Savings Bank	La Grange	10,000	20,000	15,000	16,000	.....	.....	25,000
Lansing State Bank	Lansing	5,000	5,000	1,000	4,000	5,000	.....	.....
Lemont City Bank	Lemont	.....	.....	5,000	.....	.....	.....	.....
First State Bank	Matteson	.....	.....	2,000	5,000	.....	.....	.....
*Maywood State Bank	Maywood	15,000	10,000	10,000	10,000	20,000	15,000	20,000
Maywood Trust & Savings Bank	Maywood	2,000	2,000	.....	3,000	2,000	2,000	.....
Proviso State Bank	Maywood	.....	.....	.....	.....	500	1,000	.....
Citizens State Bank	Melrose Park	15,000	.....	10,000	5,000	.....	10,000	.....
Melrose Park State Bank	Melrose Park	9,000	5,000	5,000	5,000	5,000	10,000	5,000
Morton Grove Trust & Savings Bank	Morton Grove	.....	.....	.....	.....	.....	2,000	.....
*Mount Prospect National Bank	Mt. Prospect	4,000	4,000	3,000	3,000	.....	3,000	3,000
Niles Center State Bank	Niles Center	10,000	.....	10,000	10,000	.....	.....	10,000
Austin Ave. Trust & Savings Bank	Oak Park	2,500	5,000	2,500	.....	.....	.....	.....
Avenue State Bank	Oak Park	40,000	40,000	10,000	20,000	20,000	20,000	20,000
*Oak Park Trust & Savings Bank	Oak Park	56,000	51,000	10,500	82,000	50,000	50,000	40,000
State Bank of Oak Park	Oak Park	5,000	5,000	5,000	5,000	5,000	5,000	.....
Suburban Trust & Savings Bank	Oak Park	5,000	.....	5,000	5,000	5,000	5,000	5,000
Palatine Bank	Palatine	.....	.....	.....	.....	.....	.....	.....
*Park Ridge State Bank	Park Ridge	3,000	4,000	3,000	2,000	8,000	20,000	10,000
First Trust & Savings Bank	Riverdale	.....	1,000	1,000	.....	.....	.....	.....
River Forest State Bank	River Forest	10,000	.....	10,000	10,000	.....	.....	.....
Riverside State Bank	Riverside	.....	15,000	5,000	10,000	10,000	10,000	6,000
Farmers Bank	Schaumberg	1,000	.....	.....	1,000	1,000	.....	.....
Shermerville State Bank	Shermerville	2,000	.....	.....	5,000	.....	.....	.....
South Holland Trust & Savings Bank	South Holland	.....	5,000	3,000	3,000	.....	.....	.....
Summit State Bank	Summit	.....	.....	.....	.....	.....	.....	.....
Thornton Bank	Thornton	500	500	500	500	500	500	500
*Bremen State Bank	Tinley Park	4,000	4,000	4,000	4,000	4,000	5,000	4,000
Western Springs State Bank	Western Springs	1,000	1,000	1,000	1,000	1,000	1,000	2,000
*West Hammond Trust & Savings Bank	West Hammond	.....	10,000	7,000	10,000	10,000	10,000	20,000
*First National Bank	Wilmette	5,000	5,000	5,000	5,000	5,000	5,000	6,500
Wilmette State Bank	Wilmette	.....	15,000	.....	.....	5,000	.....	.....
Winnetka State Bank	Winnetka	3,500	2,500	3,000	3,000	3,000	3,000	3,500
Winnetka Trust & Savings Bank	Winnetka	2,000	.....	2,000	2,000	2,000	.....	.....
	Total	55,946,500	28,536,000	23,138,500	28,845,500	23,642,500	27,762,000	23,269,000
Cumberland County— Director Sales, R. C. Willis, Toledo. Assistant, Fred M. Welsheimer, Neoga.								
First State Bank	Greenup	.....	.....	.....	1,000	.....	.....	.....
*Greenup National Bank	Greenup	10,000	10,000	7,500	7,500	7,500	8,000	10,000
Bank of Hazel Dell	Hazel Dell	500	.....	.....	.....	.....	.....	.....

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Cumberland County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Citizens Bank	Janesville	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Jewett Banking Co.	Jewett	500	.....	.....	500	.....	.....	.....
*Cumberland County National Bank	Neoga	8,000	8,500	6,000	5,500	6,000	7,500	8,500
*Neoga National Bank	Neoga	1,000	3,000	4,000	4,000	4,000	4,000	4,000
Farmers & Merchants Bank	Toledo	.....	1,000	.....	.....	.....	.....	.....
*First National Bank	Toledo	8,000	8,500	6,000	5,000	5,000	6,500	6,500
Toledo State Bank	Toledo	.....	1,000	.....	1,000	.....	.....	.....
	Total	30,000	34,000	25,500	26,500	24,500	28,000	31,000
DeKalb County— Director Sales, S. E. Bradt, DeKalb. Assistant, H. G. Hupp, Somonauk.								
*DeKalb Trust & Savings Bank	De Kalb	4,000	4,000	2,500	2,500	2,500	3,000	4,000
*First National Bank	De Kalb	60,000	20,000	35,000	38,000	25,000	.....	5,000
*Jacob Haish State Bank	De Kalb	2,000	3,000	3,000	3,000	3,000	.....	4,500
*Esmond State Bank	Esmond	2,000	2,000	.....	3,000	1,500	2,000	1,500
*Exchange Bank	Genoa	9,500	3,000	6,000	6,000	6,000	20,000	15,000
*Farmers State Bank	Genoa	3,000	3,000	4,000	4,000	.....	.....	19,000
*Hinckley State Bank	Hinckley	8,000	8,000	5,500	5,500	5,500	6,500	5,500
*First National Bank	Hinckley	2,500	1,000	1,000	1,000	1,000	1,000	6,500
*Kingston State Bank	Kingston	2,500	2,500	.....	3,000	2,500	2,000	2,000
*State Bank of Kirkland	Kirkland	50,000	19,500	.....	6,500	.....	6,500	.....
*First National Bank	Malta	6,500	6,500	5,000	4,500	5,000	5,500	6,000
*Farmers Trust & Savings Bank	Sandwich	6,500	6,500	4,500	4,500	6,500	10,000	6,500
*Sandwich Bank	Sandwich	5,000	5,000	5,000	10,000	5,000	.....	5,000
*Farmers & Traders State Bank	Shabbona	5,000	5,000	3,500	3,500	3,500	.....	5,000
*Farmers State Bank	Somonauk	9,500	9,000	6,500	6,500	6,500	8,000	6,000
*Somonauk State Bank	Somonauk	3,000	3,000	2,000	2,000	2,000	2,500	2,000
*Citizens National Bank	Sycamore	12,000	12,000	12,000	4,000	10,000	9,500	8,000
*Pierce Trust & Savings Bank	Sycamore	16,500	16,500	16,500	5,500	11,000	13,000	11,000
*Sycamore National Bank	Sycamore	5,000	60,000	21,000	15,000	50,000	30,500	35,000
*Waterman State Bank	Waterman	15,000	35,000	6,000	4,000	6,000	6,000	.....
*First Trust & Savings Bank	DeKalb	.....	.....	.....	.....	15,000	47,000	45,000
	Total	227,500	224,500	139,000	132,000	167,500	173,000	192,500
DeWitt County— Director Sales, J. Q. Lewis, Clinton. Assistant, E. B. Bentley, Clinton.								
*DeWitt County National Bank	Clinton	25,000	25,000	25,000	25,000	.....	.....	.....
*State Bank of Clinton	Clinton	.....	50,000	.....	50,000	40,000	.....	.....
*John Warner Bank	Clinton	25,000	20,000	12,000	25,000	25,000	30,000	25,000
State Bank of DeWitt	De Witt	.....	2,000	2,000	2,000	.....	.....	.....
Old First National Bank	Farmer City	10,000	.....	.....	10,000	20,000	.....	.....
*John Weedman National Bank	Farmer City	20,000	25,000	25,000	20,000	25,000	25,000	10,000
*Farmers State Bank	Kenney	5,000	.....	7,000	10,000	20,000	20,000	10,000
Bank of Lane	Lane	1,000	1,000	.....	1,000	3,000	1,500	1,000
*Farmers & Merchants Bank	Wapella	2,000	5,000	5,000	3,000	3,000	.....	2,000
*Wapella Bank	Wapella	10,000	5,000	5,000	5,000	10,000	5,000	5,000
*Waynesville State Bank	Waynesville	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*State Bank of Weldon	Weldon	.....	15,000	.....	15,000	40,000	.....	.....
	Total	103,000	153,000	86,000	171,000	191,000	86,500	58,000

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	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Douglas County— Director Sales, S. Y. Whitlock, Tuscola. Assistant, E. W. Boyd, Arthur.								
Arcola State Bank	Arcola	7,500	7,500	7,500	5,500	7,500	7,500	7,500
*First National Bank	Arcola	5,000	15,000	6,000	9,000	10,000	20,000	20,000
Camargo Bank	Camargo	5,000	5,000	.....	.....	.....	.....	.....
Bragg, Helm & Co	Garrett	5,000	5,000	.....	.....	.....	.....	.....
First National Bank	Hindsboro	2,000	3,000	5,000	4,000	4,000	4,000	4,000
*Hindsboro State Bank	Hindsboro	.....	10,000	2,000	3,000	10,000	.....	.....
*Bank of Murdock	Murdock	1,000	.....	.....	3,000	4,000	.....	2,000
First State Bank	Newman	.....	.....	1,000	1,000	.....	.....	.....
Newman National Bank	Newman	15,000	10,000	8,500	8,500	8,000	10,000	.....
Farmers & Traders Bank	Tuscola	5,000	5,000	3,000	.....	.....	.....	.....
*First National Bank	Tuscola	15,000	15,000	10,000	10,000	15,000	29,000	15,000
*Tuscola State Bank	Tuscola	50,000	40,000	30,000	30,000	20,000	20,000	.....
*First National Bank	Villa Grove	10,000	.....	5,000	.....	25,000	.....	.....
	Total	120,500	115,500	78,000	74,000	103,500	90,500	48,500
DuPage County— Director Sales, W. M. Givler, Naperville. Assistant, Henry C. Schumacher, Elmhurst.								
Addison State Bank	Addison	3,000	.....	1,000	.....	.....	2,000	1,000
First State Bank	Bensonville	2,500	1,500	1,000	1,000	2,500	2,000	10,000
Farmers & Merchants Bank	Downers Grove	3,000	5,000	15,000	5,000	.....	3,000	.....
First National Bank	Downers Grove	5,000	5,000	5,000	2,500	3,000	3,000	6,500
*Elmhurst State Bank	Elmhurst	10,000	10,000	10,000	20,000	10,000	10,000	18,000
First National Bank	Elmhurst	1,000	2,000	1,500	1,000	1,000	1,000	2,000
DuPage County State Bank	Glen Ellyn	2,000	.....	2,000	.....	.....	.....	.....
Glen Ellyn State Bank	Glen Ellyn	5,500	.....	2,500	.....	2,500	2,500	.....
Hinsdale State Bank	Hinsdale	10,000	10,000	.....	10,000	.....	.....	.....
Hinsdale Trust & Savings Bank	Hinsdale	5,000	.....	.....	5,000	.....	.....	.....
Dairymens Bank of Northern Illinois	Itasca	1,000	500	500	500	500	500	.....
Itasca State Bank	Itasca	.....	1,000	1,000	2,000	.....	.....	.....
Lombard State Bank	Lombard	3,000	7,000	2,000	3,000	2,000	2,000	5,000
*First National Bank	Naperville	15,000	10,000	7,500	12,500	16,000	20,000	.....
Reuss State Bank	Naperville	5,000	5,000	5,000	5,000	5,000	.....	.....
Roselle State Bank	Roselle	.....	2,000	1,000	1,000	2,000	.....	4,000
State Trust & Savings Bank	West Chicago	†10,000	10,000	10,000	5,000	5,000	.....	.....
West Chicago State Bank	West Chicago	.....	7,000	8,000	.....	15,000	.....	.....
First National Bank	Wheaton	7,000	7,000	2,000	2,000	2,000	3,000	3,000
Gary Wheaton Bank	Wheaton	.....	15,000	10,000	10,000	10,000	5,000	5,000
	Total	88,000	98,000	85,000	85,500	76,500	54,000	54,500
Edgar County— Director Sales, Edward Levings, Paris. Assistant, R. N. Parish, Paris.								
Brocton Bank	Brocton	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Chrisman	.....	20,000	.....	5,000	10,000	.....	.....
State Bank of Chrisman	Chrisman	5,000	12,000	8,000	7,000	13,000	5,000	.....
*First National Bank	Hume	2,000	10,000	.....	.....	5,000	.....	.....
*Hughes State Bank	Hume	.....	5,000	5,000	5,000	10,000	.....	5,000
Isabel Bank	Isabel	1,000	.....	.....	2,000	2,000	.....	.....

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Edgar County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Farmers National Bank	Kansas	10,000	10,000	10,000	20,000	10,000	.....	.....
First National Bank	Kansas	10,000	10,000	10,000	10,000	10,000	.....	.....
*First National Bank	Metcalf	2,000	3,000	5,000	10,000	10,000	.....	.....
*Citizens National Bank	Paris	25,000	25,000	15,500	40,000	50,000	50,000	25,000
*Edgar County National Bank	Paris	25,000	25,000	15,000	15,000	40,000	50,000	30,000
First National Bank	Paris	10,000	20,000	33,500	25,000	25,000	20,000	.....
*Redmon Bank	Redmon	500	5,000	1,000	1,000	3,000	.....	.....
*First National Bank	Vermilion	5,000	3,000	4,000	4,000	4,000	4,000	4,000
	Total	95,500	148,000	107,000	144,000	192,000	129,000	64,000
Ford County— Director Sales, H. B. Shaw, Paxton. Assistant, L. E. Rockwood, Gibson City. Assistant, N. V. Lattees, Paxton.								
*Bank of Cabery	Cabery	1,000	1,500	2,500	5,000	2,500	2,000	.....
*Farmers State Bank	Cabery	1,000	5,000	5,000	4,000	.....	.....	.....
*Bank of Clarence	Clarence	2,500	2,500	2,500	2,500	2,500	2,500	2,500
*Bank of Elliott	Elliott	5,000	5,000	5,000	5,000	5,000	5,000	10,000
*First National Bank	Gibson City	15,000	15,000	20,000	15,000	15,000	15,000	15,000
*Gibson City State Bank	Gibson City	6,500	6,500	7,000	6,000	7,000	6,000	4,500
Guthrie Bank	Guthrie	1,000	.....	.....	1,000	1,000	.....	.....
*State Bank of Kempton	Kempton	5,000	5,000	5,000	5,000	5,000	.....	.....
Iehl & Sons, Bankers	Melvin	7,500	5,000	5,000	.....	.....	.....	.....
*Melvin State Bank	Melvin	2,500	2,500	2,500	2,500	2,500	2,000	2,000
*Farmers & Merchants State Bank	Paxton	5,000	5,000	5,000	.....	10,000	.....	.....
*First National Bank	Paxton	16,500	20,000	20,000	23,500	20,000	20,000	20,000
*Paxton State Bank	Paxton	15,000	15,000	15,000	15,000	15,000	15,000	15,000
*First National Bank	Piper City	7,500	57,500	.....	.....	10,000	.....	.....
*State Bank of Piper City	Piper City	500	1,000	2,000	4,000	8,500	4,000	5,000
*Roberts Exchange Bank	Roberts	500	500	1,000	2,000	2,000	2,000	14,000
*J. P. Smith, Banker	Roberts	3,000	3,000	2,000	2,000	2,000	3,000	2,000
*Sibley Bank	Sibley	15,000	5,000	5,000	5,000	.....	10,000	5,000
	Total	110,000	155,000	104,500	97,500	108,000	86,500	95,000
Fulton County— Director Sales, U. G. Orendorff, Canton. Assistant, C. B. Hagans, Ipava.								
*Astoria State Bank	Astoria	*10,000	15,000	15,000	20,000	.....	10,000	10,000
*Peoples State Bank	Astoria	.....	.....	10,000	10,000	.....	.....	21,500
*Avon State Bank	Avon	*2,000	4,500	2,500	10,000	5,000	5,000	.....
*Tompkins State Bank	Avon	15,000	15,000	15,000	15,000	10,000	.....	.....
*Canton National Bank	Canton	52,500	43,000	45,000	42,000	35,000	35,000	35,000
*First National Bank	Canton	45,000	45,000	45,000	45,000	45,000	45,000	45,000
*First State Bank & Trust Co	Canton	23,000	15,000	12,000	15,000	10,000	20,000	30,000
*Parlin & Orendorff	Canton	10,000	15,000	15,000	20,000	15,000	25,000	150,000
*First National Bank	Cuba	.....	.....	5,000	30,000	.....	.....	.....
*State Bank of Cuba	Cuba	5,000	25,000	10,000	.....	10,000	10,000	10,000
*Farmers State Bank	Ellisville	3,000	2,500	3,000	2,000	2,500	2,000	2,000
*Fairview State Banking Co	Fairview	15,000	15,000	15,000	15,000	30,000	15,000	15,000
*Bank of Farmington	Farmington	7,500	12,500	10,000	10,000	10,000	10,000	10,000
*Alfred C. Steenburg & Co	Farmington	25,000	42,000	33,000	20,000	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Fulton County—Continued.								
*Ipava State Bank	Ipava	5,000	10,000	10,000	25,000	15,000	25,000	20,000
*Farmers State Bank	Lewiston	10,000	.....	10,000	20,000	10,000	10,000	.....
*Lewiston National Bank	Lewiston	15,000	15,000	15,000	15,000	15,000	15,000	15,000
*State Bank of London Mills	London Mills	.....	10,000	10,000	10,000	20,000	.....	.....
*Smithfield State Bank	Smithfield	2,500	2,000	7,500	5,500	30,000	.....	.....
*Farmers Bank	Table Grove	5,000	8,000	7,500	12,500	20,000	10,000	17,000
*Fulton County Bank	Table Grove	.....	.....	.....	.....	.....	.....	8,500
*Peoples State Bank	Vermont	10,000	.....	10,000	.....	10,000	20,000	.....
	Total	260,500	294,500	305,500	342,000	292,500	257,000	389,000
Grundy County— Director Sales, J. W. McKindley, Morris. Assistant, A. J. Perry, Gardner.								
Peoples Bank	Braceville	.....	500	.....	.....	1,500	2,000	1,000
First National Bank	Coal City	1,500	8,500	4,000	4,000	6,000	7,000	4,000
*Exchange Bank	Gardner	5,000	.....	5,000	2,500	2,500	8,000	11,500
*First National Bank	Gardner	5,000	7,000	7,500	7,000	10,000	10,000	10,000
Bank of Kinsman	Kinsman	.....	2,000	2,000	1,000	1,500	2,000	.....
*First National Bank	Mazon	10,000	7,000	6,000	6,000	6,000	7,000	8,000
Farmers First National Bank	Minooka	.....	5,000	5,000	5,000	5,000	2,000	5,000
Farmers & Merchants National Bank	Morris	5,000	10,000	5,000	.....	2,000	2,000	.....
First National Bank	Morris	10,000	10,000	10,000	10,000	5,000	5,000	.....
*First Trust & Savings Bank	Morris	10,000	14,000	12,000	13,000	10,000	10,000	10,000
*Grundy County National Bank	Morris	10,000	15,000	22,000	20,000	23,000	20,000	25,000
Bank of South Wilmington	South Wilmington	1,000	3,000	1,000	3,000	2,000	3,000	3,000
Verona Exchange Bank	Verona	.....	2,000	1,000	.....	2,000	1,000	.....
	Total	57,500	84,000	80,500	71,500	76,500	79,000	77,500
Hancock County— Director Sales, S. H. Ferris, Carthage. Assistant, O. F. Berry, Carthage.								
*First National Bank	Augusta	12,000	10,000	10,000	15,000	15,000	10,000	.....
*First Trust & Savings Bank	Augusta	12,000	10,000	.....	10,000	10,000	.....	10,000
*Basco Bank	Basco	4,000	3,000	4,000	5,000	4,000	4,000	3,000
*Farmers Bank	Bowen	33,000	5,000	5,000	5,000	5,000	.....	.....
*State Bank of Burnside	Burnside	4,000	1,000	5,000	4,000	5,000	5,000	.....
*Dime Savings Bank	Carthage	20,000	10,000	10,000	10,000	10,000	10,000	10,000
*Exchange Bank of Cherrill, Scholl & Co	Carthage	10,000	10,000	.....	10,000	5,000	5,000	11,000
*Hancock County National Bank	Carthage	22,500	19,000	11,000	11,000	12,000	15,000	15,000
*Farmers State Exchange Bank	Dallas City	5,000	5,000	.....	15,000	15,000	.....	.....
*First National Bank	Dallas City	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Harmony Bank	Denver	1,000	1,000	1,000	1,000	1,000	3,000	.....
*Farmers Exchange Bank	Elvaston	2,000	2,000	2,000	2,000	2,000	2,000	5,000
*Farmers State Bank	Ferris	4,500	5,500	5,000	5,000	5,000	5,000	10,000
*First National Bank	Hamilton	13,000	7,000	10,000	10,000	10,000	10,000	10,000
*Peoples State Bank	Hamilton	1,000	.....	5,000	.....	.....	.....	21,500
*First National Bank	La Harpe	10,000	.....	20,000	10,000	10,000	8,000	7,000
*La Harpe State Bank	La Harpe	10,000	9,000	9,000	9,000	10,000	3,000	.....
*First National Bank	Nauvoo	10,000	10,000	10,000	10,000	.....	.....	.....
*State Bank of Nauvoo	Nauvoo	15,000	10,000	15,000	15,000	15,000	35,000	27,500

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Hancock County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Plymouth State Bank	Plymouth	4,000	.....	10,000	4,500	5,000	5,000	5,000
Tri-County State Bank	Plymouth	5,000	.....	4,000	.....	.....	8,500	.....
*Farmers Bank	Stillwell	4,000	2,000	6,000	3,000	.....	.....	.....
*Farmers National Bank	Warsaw	10,000	5,000	10,000	10,000	15,000	15,000	7,000
*Hill Dodge Banking Company	Warsaw	37,500	37,500	25,000	25,000	25,000	30,000	25,000
*State Bank of West Point	West Point	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Individual Subscriptions		.....	.....	500	500	.....	.....	.....
	Total	267,500	180,000	195,500	208,000	197,000	191,500	185,000
Henderson County— Director Sales, J. Y. Whiteman, Biggsville. Assistant, B. G. Widney, Stronghurst.								
First National Bank	Biggsville	10,000	10,000	*10,000	10,000	.....	.....	.....
First State Bank	Gladstone	.....	.....	.....	.....	.....	.....	.....
Commercial Trust & Savings Bank	Lomax	9,000	.....	.....	2,000	3,000	.....	.....
*Media State Bank	Media	10,000	10,000	5,000	7,500	12,500	5,000	.....
Farmers & Merchants State Bank	Oquawka	1,000	.....	2,000	.....	5,000	5,000	.....
*First State Bank	Oquawka	.....	10,000	11,500	10,000	10,000	8,000	2,000
Raritan Union Bank	Raritan	1,000	.....	1,000	.....	.....	.....	.....
*First National Bank	Stronghurst	9,000	9,000	6,000	6,000	6,000	.....	5,000
State Bank of Stronghurst	Stronghurst	25,000	.....	.....	25,000	.....	.....	.....
Individual Subscriptions		.....	.....	.....	1,500	.....	.....	.....
	Total	65,000	39,000	25,500	62,000	36,500	18,000	7,000
Henry County— Director Sales, H. C. Dana, Kewanee. Assistant, Arthur Cook, Kewanee.								
*Farmers State Bank	Alpha	2,000	500	2,000	1,000	2,500	1,500	7,000
Bank of Annawan	Annawan	.....	.....	.....	.....	.....	.....	.....
*Farmers State Bank	Annawan	2,000	3,000	3,000	5,000	5,000	10,000	5,000
Atkinson Bank	Atkinson	5,000	6,000	1,000	.....	5,000	.....	.....
*Farmers State Bank	Atkinson	.....	5,000	5,000	5,000	10,000	10,000	†12,000
*Bank of Bishop Hill	Bishop Hill	.....	2,000	2,000	2,000	3,000	3,000	.....
Cambridge State Bank	Cambridge	.....	20,000	7,000	.....	.....	.....	.....
*Farmers National Bank	Cambridge	20,000	20,000	11,000	12,000	13,000	15,000	12,000
*First National Bank	Cambridge	10,500	15,000	20,000	10,000	15,000	10,000	10,000
Farmers Co-operate State Bank	Galva	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*First National Bank	Galva	10,000	20,000	5,000	5,000	.....	10,000	30,000
L. M. Yocum & Co., Bankers	Galva	5,000	5,000	5,000	10,000	55,000	.....	10,000
Central Trust & Savings Bank	Geneseo	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Farmers National Bank	Geneseo	10,000	15,000	15,000	15,000	10,000	10,000	10,000
*First National Bank	Geneseo	50,000	.....	50,000	.....	50,000	.....	.....
Geneseo Savings Bank	Geneseo	.....	.....	.....	.....	.....	.....	1,000
Farmers State Bank	Hooppole	500	.....	.....	.....	2,500	2,000	.....
*First National Bank	Kewanee	37,500	28,000	35,000	25,000	35,000	25,000	25,000
Kewanee State Savings Bank & Trust Co	Kewanee	.....	20,000	10,000	20,000	20,000	10,000	.....
*Savings Bank of Kewanee	Kewanee	5,000	30,000	30,000	20,000	35,000	25,000	.....
*Union State Savings Bank & Trust Co	Kewanee	30,000	20,000	20,000	20,000	20,000	20,000	15,000
*Farmers Bank	Ophiem	1,000	.....	1,000	1,000	1,000	1,000	1,500
Farmers State Bank	Orion	10,000	.....	.....	.....	10,000	.....	.....
State Bank of Orion	Orion	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*Farmers Bank	Osco	21,000	5,000	5,000	5,000	.....	.....	.....

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Henry County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*First National Bank	Woodhull	10,000	15,000	5,000	10,000	.....	.....	5,000
*Woodhull State Bank	Woodhull	.....	15,000	5,000	10,000	.....	10,000	9,500
	Total	249,500	264,500	257,000	196,000	312,000	182,500	171,000
Iroquois County— Director Sales, H. T. Riddell, Watseka. Assistant, F. P. Martin, Watseka.								
*Ashkum Bank	Ashkum	3,000	3,000	4,000	.....	.....	.....	26,000
Farmers & Merchants Bank	Ashkum	.....	.....	.....	.....	.....	.....	.....
*H. Lambert & Sons, Bankers	Beaverville	.....	10,000	5,000	.....	.....	.....	5,000
*Buckley Bank	Buckley	5,000	10,000	5,000	10,000	.....	.....	1,000
Bank of Chebanse	Chebanse	1,500	2,500	.....	.....	.....	.....	.....
Chebanse Bank	Chebanse	.....	1,000	.....	.....	.....	.....	.....
Iroquois County Bank	Cissna Park	5,000	10,000	10,000	10,000	.....	10,000	.....
First National Bank	Clifton	1,000	1,000	.....	.....	.....	2,000	10,000
M. R. Meents & Sons	Clifton	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Crescent City	5,000	.....	.....	10,000	.....	25,000	.....
Farmers State Bank	Danforth	.....	.....	5,000	10,000	5,000	.....	.....
Bank of Donovan	Donovan	5,000	.....	.....	5,000	.....	.....	3,000
*Farmers State Bank	Donovan	2,000	2,000	2,000	2,000	3,000	3,000	11,000
*First National Bank	Gilman	5,000	10,000	20,000	.....	20,000	25,000	.....
Gilman State & Savings Bank	Gilman	1,000	1,000	6,000	.....	.....	.....	3,000
Farmers Bank	Goodwine	.....	.....	.....	.....	.....	.....	.....
Bank of Iroquois	Iroquois	.....	.....	2,000	.....	.....	.....	.....
La Hogue Bank	La Hogue	2,000	.....	500	500	1,000	.....	.....
A. Goodell & Sons Co	Loda	5,000	5,000	5,000	5,000	25,000	5,000	.....
*Martinton State Bank	Martinton	10,000	.....	5,000	5,000	5,000	10,000	.....
*Citizens Bank	Milford	1,000	.....	.....	10,000	.....	20,000	13,000
*First National Bank	Milford	.....	.....	25,000	.....	35,000	15,000	.....
*Onarga State Bank	Onarga	50,000	50,000	2,000	1,000	21,500	.....	.....
*Bank of Sheldon	Sheldon	10,000	5,000	10,000	5,000	10,000	10,000	.....
*Citizens State Bank & Trust Co	Sheldon	7,000	7,000	4,000	5,000	7,000	5,000	7,000
*Bank of J. Sumner & Sons	Stockland	.....	.....	.....	.....	.....	.....	.....
*Skeels & Thrasher	Thawville	5,000	5,000	5,000	5,000	5,000	6,000	12,000
*Citizens State Bank	Watseka	50,000	.....	34,500	.....	50,000	.....	.....
*First National Bank	Watseka	10,000	10,000	10,000	10,000	15,000	35,000	.....
*First Trust & Savings Bank	Watseka	15,000	10,000	25,000	25,000	30,000	30,000	.....
*Wellington State Bank	Wellington	5,000	1,000	1,500	3,000	2,500	2,500	11,500
*Woodland Bank	Woodland	5,000	4,000	5,000	10,000	20,000	.....	15,000
	Total	208,500	147,500	191,500	131,500	255,000	203,500	117,500
Jo Daviess County— Director Sales, P. M. Rindesbacher, Stockton. Assistant, C. P. Mahony, Galena.								
Bank of Apple River	Apple River	.....	.....	.....	.....	.....	.....	.....
Tyson Banking Co	Apple River	.....	.....	.....	.....	.....	.....	.....
*East Dubuque Savings Bank	East Dubuque	10,000	10,000	10,500	10,000	10,000	10,000	15,000
*State Bank	East Dubuque	3,000	2,500	2,500	2,000	5,000	5,000	5,000
Elizabeth Exchange Bank	Elizabeth	.....	.....	10,000	5,000	10,000	5,000	.....
Elizabeth State Bank	Elizabeth	5,000	5,000	10,000	5,000	.....	.....	.....
First State & Savings Bank	Galena	3,000	7,000	4,000	.....	.....	5,000	.....
Galena National Bank	Galena	20,000	10,000	10,000	10,000	10,000	10,000	10,000

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Jo Daviess County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Merchants National Bank	Galena	10,000	5,000	15,000	.....	.....	10,000	.....
*Hanover Rural Bank	Hanover	15,000	.....	20,000	.....	10,000	.....	.....
Hanover Union Bank	Hanover	.....	.....	.....	10,000	.....	.....	.....
State Bank of Scales Mound	Scales Mound	*500	500	.....	.....	.....	10,000	.....
*Bank of Stockton	Stockton	5,000	8,000	7,000	7,000	8,000	8,000	7,000
*P. M. Rindesbacher & Co	Stockton	5,000	6,000	5,000	5,000	6,000	6,000	4,000
National Farmers Bank	Warren	1,000	.....	1,000	.....	.....	.....	.....
State Bank of Warren	Warren	†5,000	4,000	15,000	10,000	15,000	15,000	15,000
	Total	82,500	58,000	110,500	64,000	74,000	84,000	56,000
Kane County— Director Sales, F. B. Watson, Aurora. Assistant, C. F. O'Hara, Elgin.								
*Aurora National Bank	Aurora	50,000	50,000	.....	50,000	150,000	.....	.....
Aurora Trust & Savings Bank	Aurora	2,500	2,500	.....	5,000	2,500	2,500	5,000
*First National Bank	Aurora	50,000	50,000	50,000	50,000	50,000	50,000	50,000
*American National Bank	Aurora	25,000	25,000	50,000	.....	50,000	50,000	50,000
*Merchants National Bank	Aurora	50,000	61,000	41,000	50,000	75,000	30,000	30,000
*Old Second National Bank	Aurora	50,000	75,000	50,000	65,000	90,000	180,000	90,000
*Batavia National Bank	Batavia	5,000	10,000	.....	10,000	12,500	10,000	10,000
*First National Bank	Batavia	20,000	20,000	15,000	20,000	20,000	15,000	15,000
*Dundee State Bank	Dundee	.....	5,000	18,000	15,000	15,000	15,000	15,000
*First National Bank	Dundee	14,000	14,000	14,000	14,000	14,000	14,000	.....
Elburn State Bank	Elburn	.....	2,000	.....	2,500	6,000	2,500	3,500
Kane County Bank & Trust Co	Elburn	1,000	4,000	1,000	1,000	10,000	13,000	.....
*Elgin City Banking Co	Elgin	25,500	40,000	35,000	10,000	25,000	27,500	51,500
*Elgin National Bank	Elgin	50,000	25,000	.....	.....	.....	25,000	25,000
*First National Bank	Elgin	25,000	25,000	25,000	.....	.....	25,000	55,000
*Home National Bank	Elgin	37,500	30,000	30,000	20,000	25,000	27,000	67,000
*Home Trust & Savings Bank	Elgin	40,000	.....	20,000	*10,000	10,000	10,000	.....
*Union National Bank	Elgin	15,000	15,000	5,000	.....	5,000	5,000	15,000
First National Bank	Geneva	5,000	.....	5,000	5,000	.....	5,000	5,000
State Bank of Geneva	Geneva	15,000	.....	5,000	10,000	.....	10,000	.....
*State Bank of Hampshire	Hampshire	5,000	5,000	5,000	.....	5,000	10,000	10,000
*First State Bank	Maple Park	.....	.....	.....	10,000	30,000	7,500	.....
St. Charles National Bank	St. Charles	12,000	.....	.....	.....	.....	10,000	.....
*Stewart State Bank	St. Charles	20,000	10,000	15,000	15,000	15,000	25,000	5,000
Bank of Virgil	Virgil	.....	.....	.....	.....	.....	3,000	.....
Individual Subscriptions	Elgin	.....	1,000	.....	.....	.....	.....	.....
International Corset Co	Aurora	.....	.....	.....	10,000	.....	.....	1,000
	Total	517,500	469,500	384,000	362,500	610,000	572,000	503,000
Kankakee County— Director Sales, C. R. Miller, Kankakee. Assistant, F. M. Lockwood, Kankakee.								
*Bradley State & Savings Bank	Bradley	3,000	3,000	2,500	2,500	2,500	3,500	3,000
Farmers State Bank	Buckingham	1,500	.....	1,000	.....	.....	.....	.....
Charles F. Skinner	Essex	.....	.....	.....	.....	.....	.....	.....
Farmers State & Savings Bank	Grant Park	.....	.....	1,000	.....	.....	.....	.....
*Grant Park Trust & Savings Bank	Grant Park	30,000	30,000	20,000	20,000	15,000	50,000	.....
*Citizens State Bank	Herscher	20,000	.....	.....	10,000	.....	.....	.....

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	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Kankakee County—Continued.								
*State Bank of Herscher	Herscher	5,000	5,000	3,000	4,000	4,000	.....	4,000
Irwin Bank	Irwin	.....	.....	*500	†1,000	.....	1,000	.....
*American State & Savings Bank	Kankakee	15,000	12,000	9,000	10,000	13,000	10,000	10,000
*City National Bank	Kankakee	25,000	25,000	20,000	20,000	20,000	25,000	20,000
*First Trust & Savings Bank	Kankakee	60,000	50,000	34,000	34,000	34,000	40,000	38,000
*Kankakee Co. Trust & Savings Bank	Kankakee	45,000	45,000	30,000	30,000	30,000	35,000	71,000
*Legris Brothers Bank	Kankakee	3,500	4,000	5,500	.....	10,000	.....	10,000
*Citizens State Bank	Manteno	5,000	7,500	7,500	8,000	12,000	10,000	5,000
*Manteno State & Savings Bank	Manteno	6,000	6,000	4,000	3,000	5,000	5,000	6,000
*First National Bank	Momence	10,000	10,000	7,500	7,500	7,500	7,500	7,500
*Momence State & Savings Bank	Momence	4,500	5,000	3,500	3,500	3,500	3,500	3,000
*Parish Bank	Momence	500	.....	2,500	.....	.....	3,000	5,000
*Reddick State Bank	Reddick	10,000	5,000	5,000	5,000	.....	.....	.....
*Farmers State Bank	St. Anne	2,000	2,000	2,000	2,000	2,000	8,000	7,000
*First National Bank	St. Anne	5,000	5,000	6,000	6,000	7,000	6,000	6,000
	Total	251,000	214,500	164,000	166,000	165,500	207,500	195,500
Kendall County— Director Sales, B. J. Stumm, Yorkville. Assistant, C. L. Burkhardt, Oswego.								
Millbrook Farmers Bank	Millbrook	.....	.....	.....	.....	.....	.....	.....
First State Bank	Millington	2,500	5,000	5,000	3,000	.....	2,500	.....
*Farmers State Bank	Newark	5,000	5,000	5,000	2,000	.....	2,000	.....
*Oswego State Bank	Oswego	7,500	5,500	7,000	5,000	6,500	7,500	7,500
*First State Bank	Plano	3,000	10,000	6,500	4,000	6,500	6,000	4,000
Plano State Bank	Plano	3,000	5,000	5,000	.....	.....	7,000	.....
*Farmers State Bank	Yorkville	10,000	10,000	10,000	10,000	*5,000	5,000	.....
*Yorkville National Bank	Yorkville	7,500	5,000	5,000	5,000	7,500	7,500	.....
	Total	38,500	45,500	43,500	29,000	20,500	37,500	11,500
Knox County— Director Sales, F. L. Conger, Galesburg. Assistant, Charles E. Johnson, Galesburg.								
*First National Bank	Abingdon	20,000	20,000	13,000	13,000	13,000	15,500	9,000
*First State & Savings Bank	Abingdon	10,000	10,000	6,500	6,500	6,500	8,000	2,500
*Bank of Altona	Altona	10,000	10,000	8,500	8,500	8,500	13,000	8,000
*Bank of Galesburg	Galesburg	31,000	40,000	28,000	28,000	33,000	34,000	25,000
*Farmers & Mechanics Bank	Galesburg	20,000	30,000	13,500	13,500	13,500	10,000	10,000
*First National Bank	Galesburg	56,500	20,500	28,500	28,500	28,500	35,000	45,000
*Galesburg National Bank	Galesburg	25,000	26,000	50,000	25,000	25,000	25,000	5,000
*Peoples Trust & Savings Bank	Galesburg	45,000	45,000	45,000	40,000	25,000	30,000	12,000
*Farmers National Bank	Knoxville	6,000	15,000	15,000	13,000	15,000	20,000	10,000
*Knox County State Bank	Knoxville	10,000	10,000	5,000	8,000	12,000	7,500	8,500
*First National Bank	Maquon	*7,000	7,000	7,000	3,500	.....	*5,000	10,500
*Maquon State Bank	Maquon	8,000	8,000	8,000	8,000	5,000	5,000	1,000
*Anderson State Bank	Oneida	2,000	4,000	4,000	4,000	4,000	4,000	17,000
*First National Bank	Oneida	5,000	7,500	5,000	5,000	5,000	5,000	5,000
*Bank of Rio	Rio	4,000	4,000	3,000	3,000	3,000	4,500	4,000
*Bank of St. Augustine	St. Augustine	.....	.....	2,000	1,000	.....	2,500	6,000
*State Bank of Victoria	Victoria	.....	5,000	2,500	1,000	4,000	5,000	15,500
*Victoria Exchange Bank	Victoria	*1,000	1,000	.....	.....	.....	2,000	8,500
*Bank of Wataga	Wataga	500	.....	.....	3,000	.....	2,500	13,500

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Knox County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Wataga State Bank	Wataga	.....	500	.....	1,000	.....	500	18,500
*First State Bank Company	Williamsfield	5,000	10,000	3,000	.....	.....	5,000	5,000
*Bank of Yates City	Yates City	7,500	6,500	7,500	15,000	33,000	1,000	500
	Total	265,500	280,000	255,000	228,500	234,000	240,000	240,000
Lake County— Director Sales, Theo. Durst, Waukegan. Assistant, J. M. Appel, Highland Park.								
Bank of Antioch	Antioch	.....	3,000	.....	3,500	.....	.....	.....
*State Bank of Antioch	Antioch	3,000	11,000	4,000	4,000	12,000	3,000	3,000
Citizens Bank	Area	.....	2,000	.....	.....	.....	.....	.....
*Merchant's & Farmers Bank	Gray's Lake	10,000	10,000	7,000	*7,000	.....	5,000	12,000
*Highland Park State Bank	Highland Park	10,000	15,000	15,000	10,000	15,000	20,000	11,500
*Highland Park Trust & Savings Bank	Highland Park	2,500	2,500	.....	5,000	5,000	5,000	10,500
North Shore Trust Co	Highland Park	2,000	.....	.....	.....	.....	.....	.....
*First National Bank	Lake Forest	19,000	19,000	10,000	10,000	10,000	10,000	10,000
Lake Forest Trust & Savings Bank	Lake Forest	1,000	1,000	1,000	1,000	1,000	1,000	1,000
*State Bank of Lake Forest	Lake Forest	18,000	18,000	10,000	10,000	10,000	10,000	10,000
Lake Villa Trust & Savings Bank	Lake Villa	.....	.....	.....	.....	.....	.....	.....
*State Bank of Lake Zurich	Lake Zurich	4,500	4,500	3,000	3,000	3,000	2,500	3,000
*First National Bank	Libertyville	5,000	8,000	7,000	5,000	5,000	12,000	13,000
*Lake County National Bank	Libertyville	5,000	15,000	15,000	15,000	25,500	25,000	.....
Lake County State Bank	North Chicago	.....	2,500	2,500	.....	.....	5,000	.....
First State Bank of Round Lake	Round Lake	.....	5,000	5,000	3,000	.....	5,000	.....
*Wauconda Trust & Savings Bank	Wauconda	2,500	.....	2,000	.....	2,000	2,500	3,500
*First National Bank	Waukegan	†25,000	25,000	10,000	25,000	50,000	30,500	36,000
*Peoples Bank	Waukegan	15,000	15,000	15,000	15,000	15,000	10,000	6,000
*Security Savings Bank	Waukegan	40,000	20,000	15,000	15,000	15,000	15,000	59,000
*Waukegan National Bank	Waukegan	50,000	50,000	25,000	25,000	25,000	25,000	.....
First State Bank	Zion City	.....	1,000	1,000	.....	.....	1,000	.....
Zion Bank	Zion City	1,000	.....	.....	.....	.....	.....	.....
	Total	213,500	227,500	147,500	149,500	193,500	187,500	178,500
LaSalle County— Director Sales, Wayne Hummer, LaSalle.								
Bank of Dana	Dana	.....	500	1,500	1,500	.....	.....	.....
*Earlville National Bank	Earlville	5,000	.....	4,000	4,000	5,000	10,000	8,000
*First National Bank	Earlville	10,000	15,000	15,000	15,000	15,000	15,000	15,000
*First National Bank	Grand Ridge	10,000	5,000	7,500	7,500	7,500	22,000	10,000
*LaSalle National Bank	La Salle	75,000	75,000	66,000	50,000	50,000	65,000	20,000
*LaSalle Savings Bank & Trust Co	La Salle	8,000	10,000	6,500	6,500	6,500	7,000	6,500
*LaSalle State Bank	La Salle	40,000	40,000	28,000	28,000	28,000	32,000	32,000
Farmers & Merchants State Bank	Leland	.....	5,000	3,000	3,000	5,000	3,000	3,000
*First National Bank	Leland	10,000	10,000	10,000	5,000	5,000	.....	5,000
Moon's Bank	Leonore	3,000	3,000	3,000	5,000	5,000	3,000	2,000
*Farmers State Bank	Lostant	10,000	10,000	10,000	10,000	10,000	10,000	15,000
*First National Bank	Marseilles	14,000	14,000	10,000	10,000	60,000	10,000	10,000
*First National Bank	Mendota	23,000	23,000	24,000	10,000	.....	40,000	15,000
Germania Bank	Mendota	.....	3,000	2,000	1,500	2,000	5,000	.....
*Mendota National Bank	Mendota	25,000	25,000	20,000	20,000	25,000	20,000	45,000
Oglesby State Bank	Oglesby	7,000	5,000	4,000	4,000	*4,000	.....	.....
*First National Bank	Ottawa	83,500	83,500	83,500	35,000	53,000	67,000	56,000

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	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
LaSalle County—Continued.								
*National City Bank	Ottawa	116,000	60,000	60,000	60,000	50,000	40,000	50,000
*Ottawa Banking & Trust Co.	Ottawa	30,500	30,500	20,000	20,000	10,000	35,500	20,500
Peoples Trust & Savings Bank	Ottawa	1,000	1,000	1,500	2,000	2,500	2,500	2,500
*Peru National Bank	Peru	25,000	25,000	17,000	15,000	18,000	21,000	30,000
*Peru State Bank	Peru	25,000	25,000	30,000	20,000	25,000	25,000	15,000
*First National Bank	Ransom	10,000	5,000	5,000	3,000	5,000	5,000	3,000
*Rutland State Bank	Rutland	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*Farmers Trust & Savings Bank	Seneca	1,500	1,500	1,000	.....	2,000	1,000	1,500
*State Bank of Seneca	Seneca	.....	10,000	10,000	7,500	10,000	10,000	7,500
*Serena Union State Bank	Serena	1,000	3,000	5,500	3,000	5,000	5,000	5,000
Farmers & Merchants State Bank	Sheridan	500	2,500	2,500	2,500	4,000	2,000	5,000
*First National Bank	Sheridan	3,000	3,000	2,000	3,000	4,000	4,000	3,000
*Peoples Trust & Savings Bank	Streator	5,000	10,000	10,000	10,000	10,000	15,000	20,000
*Streator National Bank	Streator	30,000	30,000	35,000	15,000	35,000	25,000	25,000
*Union National Bank	Streator	60,000	65,000	60,000	50,000	50,000	55,000	50,000
*Tonica State Bank	Tonica	500	1,500	2,500	2,500	3,000	7,000	5,000
*First National Bank	Triumph	5,000	6,000	6,000	3,000	4,000	5,000	5,000
Farmers Bank	Troy Grove	2,500	.....	1,500	1,000	.....	*2,000	2,000
Utica State Bank	Utica	.....	2,500	2,000	2,000	8,000	10,000	6,000
Individual Subscriptions		3,000	.....	.....	.....	.....	.....	.....
	Total	648,000	613,500	574,500	440,500	527,500	582,000	503,500
Lee County— Director Sales, A. P. Armington, Dixon. Assistant, F. N. Vaughan, Amboy.								
Amboy State Bank	Amboy	4,000	.....	2,500	2,500	1,500	2,500	.....
*First National Bank	Amboy	24,000	26,000	17,000	17,000	17,000	20,000	30,000
*Ashton Bank	Ashton	15,000	10,000	8,500	8,500	30,000	10,000	8,500
*Farmers State Bank	Ashton	1,000	2,000	2,000	2,000	3,000	2,000	4,500
*First National Bank	Compton	5,000	5,000	.....	5,000	5,000	5,000	10,000
*City National Bank	Dixon	52,000	22,000	25,000	32,000	40,000	20,000	16,000
*Dixon National Bank	Dixon	30,000	30,000	20,500	20,500	20,000	25,000	36,000
Union State Bank	Dixon	*5,000	10,000	8,500	8,500	8,500	10,000	.....
*Franklin Grove Bank	Franklin Grove	8,000	6,000	5,000	5,000	5,000	6,000	5,000
*Harmon Bank	Harmon	2,000	.....	4,500	*1,500	2,500	2,000	3,500
*Lee State Bank	Lee	6,000	.....	4,000	4,000	4,000	5,000	7,500
*First National Bank	Steward	3,500	7,500	4,000	4,000	5,500	5,000	3,000
*State Bank of Paw Paw	Paw Paw	10,000	10,000	7,000	7,000	7,000	9,000	10,000
*Sublette Exchange Bank	Sublette	3,500	1,000	1,500	.....	2,500	1,500	6,500
*Henry F. Gehant Banking Co	West Brooklyn	5,000	4,000	3,000	3,000	10,000	5,000	10,000
Individual Subscriptions	Dixon	.....	100,000	.....	.....	.....	.....	.....
	Total	174,000	233,500	113,000	119,000	161,500	128,000	150,500
Livingston County— Director Sales, W. J. Butler, Pontiac. Assistant, J. P. Lannon, Saunemin.								
Bank of Campus	Campus	500	.....	1,000	1,000	1,000	.....	1,000
Citizens Bank	Campus	.....	.....	.....	.....	.....	.....	1,000
Farmers & Miners Bank	Cardiff	500	500	.....	.....	.....	.....	.....
*Citizens Bank	Chatsworth	5,000	5,000	5,000	5,000	5,000	5,000	20,000
*Commercial National Bank	Chatsworth	10,000	.....	10,000	15,000	18,500	21,000	20,000
*Farmers State Savings Bank	Cornell	.....	5,000	2,500	2,500	.....	10,000	7,500

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Livingston County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Farmers State Bank	Cullom	1,500	.....	1,000	.....	.....	.....	6,000
*First National Bank	Cullom	2,000	.....	8,000	.....	.....	20,000	11,500
*Bank of Dwight	Dwight	1,000	15,000	.....	20,000	40,000	.....	.....
*First National Bank	Dwight	*15,000	20,000	10,000	10,000	15,000	†45,000	45,500
*Taylor State Bank	Emington	4,000	4,000	4,000	10,000	4,000	4,000	4,000
Bank of A. B. Claudon	Fairbury	.....	500	500	1,000	2,000	.....	.....
*Fairbury Bank	Fairbury	22,000	15,000	.....	20,000	45,000	56,000	.....
Farmers & Merchants State Bank	Fairbury	.....	.....	.....	.....	.....	.....	.....
G. Y. McDowell & Co	Fairbury	500	.....	.....	.....	.....	.....	.....
*Walton Banking Co	Fairbury	.....	.....	.....	.....	.....	.....	.....
*Farmers State Bank	Flanagan	1,500	6,000	*5,000	10,000	3,000	26,000	15,000
*Flanagan State Bank	Flanagan	4,000	2,000	10,000	4,000	10,000	10,000	19,500
*Farmers & Merchants State Bank	Forest	.....	.....	.....	.....	.....	3,000	.....
*First State Bank	Forest	8,000	2,000	5,000	8,000	5,000	.....	3,500
*Bank of Graymont	Graymont	2,000	.....	3,000	2,500	5,000	10,000	10,000
*State Bank of Longpoint	Longpoint	*4,000	4,000	5,000	.....	6,000	3,000	.....
*Farmers National Bank	Odell	1,000	1,000	2,000	1,000	4,000	10,000	.....
*State Bank of Odell	Odell	5,000	8,000	10,000	15,000	20,000	4,000	7,000
*Illinois State Savings Bank	Pontiac	13,500	25,000	50,000	25,000	25,000	20,000	20,000
*Livingston Co. National Bank	Pontiac	11,000	10,000	10,000	20,000	.....	50,000	10,000
*National Bank of Pontiac	Pontiac	10,000	13,000	18,000	15,000	45,000	25,000	14,000
*Pontiac Loan & Trust Co	Pontiac	.....	2,500	2,000	2,000	5,000	15,000	.....
*Pontiac State Bank	Pontiac	10,000	15,000	15,000	15,000	25,000	3,000	3,000
*State Bank of Saunemin	Saunemin	10,000	5,000	10,000	10,000	10,000	27,500	20,000
*Farmers National Bank	Strawn	5,000	2,000	2,500	3,000	5,000	10,000	20,000
*Farmers Wing Bank	Wing	*1,000	1,000	1,000	2,500	5,000	5,000	8,000
Individual Subscriptions		.....	.....	1,000	.....	.....	2,500	5,000
	Total	148,000	161,500	186,500	217,500	308,500	385,500	271,500
Logan County— Director Sales, P. E. Kuhl, Lincoln. Assistant, Robert Atchison, Mt. Pulaski.								
*Atlanta National Bank	Atlanta	9,000	9,000	9,000	9,000	10,000	10,000	5,000
*Peoples Bank	Atlanta	.....	17,500	12,500	25,000	25,000	25,000	.....
*First National Bank	Beason	10,000	3,000	3,000	.....	10,000	.....	5,000
*Peoples Bank	Beason	2,000	2,000	2,000	*2,000	2,000	.....	8,500
*Bank of Chestnut	Chestnut	10,000	.....	5,000	20,000	5,000	10,000	.....
Elkhart Bank	Elkhart	.....	5,000	.....	6,500	.....	.....	.....
*Farmers State Bank	Emden	10,000	10,000	10,000	15,000	20,000	8,000	.....
*Hartsburg State Bank	Hartsburg	5,000	7,500	7,500	26,000	15,000	.....	.....
*State Bank of Latham	Latham	5,000	.....	10,000	5,000	20,000	20,000	.....
*First National Bank	Lincoln	23,500	22,500	22,500	22,500	50,000	20,000	25,000
*American National Bank	Lincoln	45,000	45,000	30,000	30,000	34,500	35,000	35,000
F. S. Coddington, Investor	Lincoln	2,500	.....	.....	.....	.....	.....	.....
*Lincoln National Bank	Lincoln	50,000	52,000	60,000	60,000	57,000	55,000	50,000
*Lincoln State Bank	Lincoln	21,000	13,500	17,500	17,500	17,500	17,500	17,500
*Farmers State Bank	Middletown	10,000	12,500	12,500	15,000	15,000	10,000	10,000
*Marbold State Bank	Middletown	2,500	.....	5,000	3,000	7,000	5,000	.....
*Farmers Bank	Mt. Pulaski	35,000	30,500	34,000	34,000	30,000	30,000	30,000
*First National Bank	Mt. Pulaski	42,000	37,000	2,000	25,000	50,000	50,000	50,000
*New Holland State Bank	New Holland	5,000	5,000	5,000	10,000	30,000	20,000	.....
	Total	287,500	272,000	247,500	323,500	398,000	315,500	236,000

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	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Macon County—								
Director Sales, O. B. Gorin, Decatur.								
Assistant, W. R. McGaughey, Mt. Zion.								
*Gerber State Bank	Argenta	5,000	.....	10,000	20,000	.....	65,000	15,000
First National Bank	Blue Mound	.....	.....	.....	.....	.....	1,000	.....
*State Bank of Blue Mound	Blue Mound	7,500	8,000	5,500	5,500	50,000	13,500	10,000
Burtschi & Co., Bankers	Decatur	.....	.....	.....	.....	.....	.....	.....
*Citizens National Bank	Decatur	50,000	40,000	45,000	151,500	56,000	56,000	52,000
*Farmers & Merchants State Bank	Decatur	10,000	12,500	11,500	10,500	30,500	.....	10,000
*Millikin National Bank	Decatur	210,000	190,000	†133,500	154,500	232,000	210,500	150,000
*National Bank of Decatur	Decatur	25,000	114,000	100,000	150,000	200,000	200,000	.....
*Farmers State Bank	Macon	2,000	4,000	4,000	4,000	.....	.....	7,000
R. H. Woodcock & Co	Macon	5,000	.....	.....	5,000	.....	.....	5,000
*Citizens Bank	Maroa	5,000	13,000	.....	.....	.....	5,000	7,000
*Crocker & Co	Maroa	5,000	5,000	5,000	5,000	5,000	15,000	15,000
*Mount Zion State Bank	Mount Zion	5,000	5,000	5,000	5,000	10,000	5,000	15,000
*State Bank of Niantic	Niantic	10,000	20,000	10,000	20,000	20,000	20,000	25,000
*State Bank of Warrensburg	Warrensburg	.....	2,000	5,000	3,000	5,000	5,000	5,000
Individual Subscriptions		.....	.....	.....	.....	2,000	.....	.....
	Total	339,500	413,500	333,500	534,000	610,500	596,000	316,000
Marshall County—								
Director Sales, T. M. Hancock, Lacon.								
*Camp Grove Exchange Bank	Camp Grove	5,000	.....	5,000	.....	.....	.....	6,500
*First National Bank	Henry	10,000	10,000	10,000	.....	30,000	30,000	23,000
*Henry National Bank	Henry	10,000	20,000	10,000	10,000	10,000	10,000	.....
*First National Bank	Lacon	10,000	10,000	10,000	10,000	10,000	10,000	5,000
*Lacon State Bank	Lacon	5,000	10,000	5,000	5,000	2,000	3,000	4,000
La Rose National Bank	La Rose	2,000	.....	.....	2,000	.....	.....	8,000
*Sparland Bank	Sparland	5,000	5,000	.....	2,000	5,000	8,000	5,000
*Toluca State Bank	Toluca	20,000	2,000	2,000	2,000	10,000	2,000	20,000
*Marshall County State Bank	Varna	13,000	4,000	4,000	5,000	11,500	7,500	17,000
*Farmers State Bank	Wenona	2,500	.....	12,500	5,000	5,000	5,000	.....
*First State Bank	Wenona	10,000	15,000	10,000	15,000	20,000	20,000	20,000
	Total	92,500	76,000	68,500	56,000	103,500	95,500	108,500
Mason County—								
Director Sales, O. D. Covington, Havana.								
*Bank of Bath	Bath	.....	.....	2,500	3,000	10,000	5,000	5,000
Bank of Easton	Easton	.....	2,500	5,000	5,000	.....	.....	.....
*McFadden Corn Exchange Bank	Easton	5,000	5,000	5,000	7,500	5,000	20,000	5,000
Forest City State Bank	Forest City	.....	.....	.....	7,000	.....	.....	.....
*Havana National Bank	Havana	25,000	100,000	25,000	50,000	50,000	50,000	41,000
*Mason County Bank	Havana	15,000	15,000	10,000	10,000	15,000	15,000	10,000
*Bank of Kilbourne	Kilbourne	2,000	.....	3,000	10,000	.....	5,000	5,000
*Peoples State Bank	Manito	8,000	8,000	8,000	16,000	4,000	6,000	7,500
*Central Illinois State Bank	Mason City	10,000	8,000	8,000	5,000	15,000	15,000	10,000
*New Farmers State Bank	Mason City	20,000	15,000	25,000	50,000	50,000	40,000	.....
*San Jose State Bank	San Jose	2,000	3,000	3,000	4,000	20,000	13,000	5,000
	Total	87,000	156,500	94,500	167,500	169,000	169,000	88,500

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
McDonough County— Director Sales, J. W. Bailey, Macomb. Assistant, B. C. Roach, Bushnell.								
*Farmers Bank	Adair	3,000	5,000	6,000	10,000	5,000	4,000	3,000
*Bank of Bardolph	Bardolph	5,000	5,000	5,000	5,000	10,000	3,000	3,000
*First National Bank	Blandinsville	4,000	4,000	4,000	3,000	2,000	*2,000	5,000
*Huston Banking Co	Blandinsville	20,500	14,500	173,500	20,000	55,000	20,000	25,000
*Bank of Bushnell	Bushnell	12,500	27,500	25,000	15,000	15,000	21,000	15,000
*Farmers & Merchants State Bank	Bushnell	6,000	6,000	6,000	8,000	5,000	14,000	10,000
*First National Bank	Bushnell	13,500	13,500	13,500	9,000	18,000	22,000	20,000
*National Bank of Colchester	Colchester	9,000	8,500	17,000	13,500	25,000	7,000	8,000
*Peoples State Bank	Colchester	3,500	10,000	3,500	2,000	6,000	1,000	2,000
*Good Hope State Bank	Good Hope	15,000	15,000	15,000	10,000	1,000	1,000	8,000
*State Bank of Industry	Industry	6,000	6,000	9,000	13,000	15,000	5,000	5,000
*Citizens Bank	Macomb	14,000	11,000	30,000	17,000	10,000	5,000	10,000
*First Trust & Savings Bank	Macomb	4,000	4,000	4,000	4,000	4,000	3,000	4,000
*Macomb National Bank	Macomb	17,500	15,500	19,500	12,000	24,500	40,000	10,000
*Union National Bank	Macomb	24,000	23,000	25,000	40,000	35,000	25,000	25,000
*Bank of Prairie City	Prairie City	5,000	5,000	7,000	5,000	5,000	5,000	5,000
*State Bank of Sciota	Sciota	2,000	11,500	9,000	4,500	5,000	5,000	4,500
Tennessee Bank	Tennessee	500	500	500	500	500	500	500
	Total	165,000	185,500	372,500	191,500	241,000	181,500	163,000
McHenry County— Director Sales, B. C. Getzleman, Algonquin. Assistant, H. D. Crumb, Harvard.								
*Algonquin State Bank	Algonquin	5,000	5,000	5,000	5,000	5,000	5,000	20,000
*Cary State Bank	Cary Station	2,000	2,000	2,000	2,000	2,000	2,000	2,000
*Home State Bank	Crystal Lake	2,500	7,500	5,000	2,500	3,000	3,000	5,000
*United State Bank	Crystal Lake	12,500	12,500	10,000	5,000	5,000	.....	10,000
*First State Bank	Harvard	25,000	10,000	10,000	.....	.....	25,000	37,500
*Harvard Bank	Harvard	12,000	12,000	8,000	8,000	10,000	12,000	13,000
Bank of Hebron	Hebron	5,000	5,000	.....	5,000	5,000	5,000	5,000
*State Bank of Huntley	Huntley	11,000	10,000	10,000	10,000	10,000	10,000	10,000
*Dairymens State Bank	Marengo	10,000	10,000	10,000	.....	10,000	10,000	.....
*First National Bank	Marengo	15,000	15,000	15,000	15,000	.....	15,000	25,000
Hoy Banking Co	McHenry	.....	5,000	5,000	.....	.....	.....	.....
*Bank of Richmond	Richmond	5,000	.....	5,000	.....	10,000	5,000	25,000
Bank of Ringwood	Ringwood	.....	2,500	2,500	.....	.....	.....	.....
Spring Grove Bank	Spring Grove	.....	.....	.....	.....	.....	.....	.....
*State Bank of Union	Union	5,000	5,000	5,000	5,000	5,000	5,000	4,000
*West McHenry State Bank	West McHenry	10,000	10,000	10,000	10,000	10,000	10,000	10,000
*American National Bank	Woodstock	25,000	35,000	5,000	.....	15,000	10,000	15,000
*Farmers Exchange State Bank	Woodstock	15,000	.....	15,000	15,000	15,000	15,000	15,000
*McHenry Co. State Bank	Woodstock	10,000	10,000	10,000	.....	.....	.....	.....
*State Bank of Woodstock	Woodstock	12,000	13,000	12,000	13,000	12,500	12,500	10,000
	Total	182,000	169,500	144,500	95,500	117,500	144,500	206,500

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McLean County— Director Sales, W. L. Moore, Bloomington. Assistant, D. G. Fitzgerald, Normal.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Anchor Bank	Anchor	.....	10,000	10,000	10,000	.....	.....	.....
Arrowsmith Bank	Arrowsmith	1,000	.....	.....	3,000	2,000	.....	.....
McClure & Jacobs	Arrowsmith	3,000	2,000	.....	2,000	.....	.....	.....
Exchange Bank	Bellflower	.....	.....	.....	.....	.....	.....	.....
*Gooch Bros. & Co	Bellflower	.....	1,000	2,500	2,500	2,500	2,000	2,500
Corn Belt Bank	Bloomington	.....	.....	50,000	.....	50,000	50,000	50,000
*First National Bank	Bloomington	60,000	60,000	60,000	60,000	60,000	60,000	30,000
*American State Bank	Bloomington	50,000	50,000	.....	50,000	50,000	50,000	.....
Illinois Savings & Trust Co	Bloomington	1,000	1,000	1,000	.....	2,000	1,000	.....
McLean County Bank	Bloomington	25,000	10,000	*15,000	15,000	50,000	.....	.....
*Peoples Bank	Bloomington	50,000	50,000	50,000	50,000	50,000	40,000	35,000
*State Bank	Bloomington	10,000	40,000	50,000	50,000	50,000	*25,000	25,000
Farmers State Bank	Carlock	.....	5,000	.....	10,000	5,000	5,000	5,000
Farmers Bank	Chenoa	*5,000	10,000	10,000	.....	.....	.....	.....
*State Bank of Chenoa	Chenoa	10,000	10,000	.....	10,000	20,000	20,000	20,000
*J. W. Arnold & Co	Colfax	1,000	4,000	5,000	.....	.....	1,500	.....
Colfax Bank	Colfax	.....	.....	.....	.....	.....	.....	.....
*Farmers State Bank	Colfax	1,000	6,000	2,000	2,500	10,500	1,000	1,500
*State Bank of Cooksville	Cooksville	5,000	.....	5,000	10,000	.....	20,000	.....
H. L. Barnes Bank	Cropsey	.....	.....	2,000	.....	.....	.....	.....
*Farmers State Bank	Danvers	5,000	5,000	5,000	5,000	10,000	5,000	5,000
*First National Bank	Danvers	10,000	10,000	10,000	10,000	10,000	.....	.....
Farmers Bank	Downs	.....	.....	10,000	.....	.....	.....	.....
Bank of Ellsworth	Ellsworth	500	500	10,000	.....	1,500	1,000	.....
*First National Bank	Gridley	.....	.....	2,500	7,500	3,000	3,000	7,000
*State Bank of Gridley	Gridley	6,000	6,000	6,000	6,000	.....	4,500	4,000
Farmers State Bank	Heyworth	.....	.....	.....	.....	.....	.....	.....
Heyworth State Bank	Heyworth	.....	.....	.....	.....	.....	.....	.....
Bank of Holder	Holder	7,500	2,500	.....	.....	.....	.....	.....
Hudson State Bank	Hudson	5,000	.....	1,000	5,000	2,000	1,500	.....
First National Bank	Le Roy	8,500	10,000	7,000	15,000	10,000	.....	.....
J. Keenan's Bank	Le Roy	5,000	.....	10,000	10,000	5,000	.....	.....
*Peoples Bank	Lexington	.....	20,000	10,000	10,000	10,000	.....	.....
*State Bank of Lexington	Lexington	10,000	10,000	10,000	.....	10,000	.....	.....
*McLean State Bank	McLean	15,000	15,000	.....	23,000	4,000	.....	.....
Bank of Meadows	Meadows	.....	.....	.....	.....	.....	5,000	10,000
*First National Bank	Normal	10,000	10,000	10,000	10,000	10,000	10,000	20,000
Normal State Bank	Normal	.....	.....	5,000	.....	5,000	5,000	.....
Citizens Bank	Saybrook	.....	.....	3,000	2,000	.....	.....	.....
Saybrook Bank	Saybrook	.....	2,000	2,000	4,000	2,000	5,000	.....
Saybrook State Bank	Saybrook	.....	.....	.....	.....	.....	.....	.....
*Stanford State Bank	Stanford	20,000	.....	20,000	†20,000	25,000	25,000	25,000
Towanda State Bank	Towanda	2,000	2,000	2,000	.....	3,000	.....	.....
Farmers & Merchants Bank	Weston	.....	.....	.....	.....	.....	.....	.....
Individual Subscriptions		.....	500	.....	.....	.....	.....	.....
	Total	326,500	352,500	371,000	387,500	462,500	340,500	250,000

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	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Menard County—								
Director Sales, Harry Schirding, Petersburg.								
*Athens State Bank	Athens	9,000	9,000	9,000	35,000	20,000	5,000	5,000
*First State Bank	Greenview	6,500	6,500	4,500	5,000	7,000	6,500	10,000
*Marbold State Bank	Greenview	14,000	42,000	14,000	1,000	13,000	1,000	3,000
*First National Bank	Oakford	2,000	2,000	4,000	22,000	1,000	1,000	1,000
*First National Bank	Petersburg	30,000	20,000	20,000	40,000	20,000	15,000	10,000
*Frankleton State Bank	Petersburg	20,000	20,000	30,000	30,000	20,000	20,000	5,000
*Schirding State Bank	Petersburg	10,000	10,000	50,000	25,000	15,000	10,000	10,000
*Farmers & Merchants State Bank	Tallula	10,000	6,500	6,500	10,000	10,000	2,500	3,000
*The Tallula Bank	Tallula	10,000	10,000	50,000	10,000	10,000	5,000	5,000
Individual Subscriptions		.....	.....	.....	.....	500	.....	.....
	Total	111,500	126,000	188,000	178,000	116,500	66,000	52,000
Mercer County—								
Director Sales, A. G. Bridgford, Aledo.								
*Aledo State Bank	Aledo	15,000	15,000	5,000	5,000	10,000	10,000	5,000
*Farmers National Bank	Aledo	5,000	25,000	7,500	12,500	12,500	12,500	12,500
*First National Bank	Aledo	25,000	5,000	10,000	15,000	25,000	.....	25,000
First Trust & Savings Bank	Aledo	.....	10,000	5,000	10,000	.....	.....	.....
*Mercer County Banking Association	Aledo	*10,000	15,000	10,000	10,000	10,000	.....	5,000
*Farmers Bank	Burgess	1,500	10,000	10,000	.....	.....	5,000	.....
*O. A. Bridgford & Co.'s Farmers Bank	Joy	5,500	5,000	5,000	5,000	5,000	5,000	.....
*Joy Bank	Joy	4,000	6,000	8,000	6,000	15,000	5,000	5,000
*Citizens State Bank	Keithsburg	.....	.....	.....	26,000	6,500	6,500	.....
*Keithsburg Bank	Keithsburg	10,000	6,000	5,000	7,500	6,500	.....	.....
*Farmers Bank	Matherville	1,000	.....	1,500	5,500	5,000	.....	3,000
*Matherville Bank	Matherville	1,000	500	.....	3,000	1,500	1,500	9,500
*Peoples Bank	New Boston	2,000	2,000	2,000	8,000	3,500	3,500	4,000
State Bank of New Boston	New Boston	2,500	2,500	5,000	16,000	.....	.....	.....
Bank of New Windsor	New Windsor	3,000	.....	.....	32,000	.....	.....	.....
*Farmers State Bank	New Windsor	1,500	5,000	7,000	15,000	.....	.....	.....
*Farmers Bank	North Henderson	2,000	3,000	7,000	16,000	.....	7,000	8,000
Norwood Banking Co.	Norwood	.....	.....	.....	6,000	.....	.....	.....
Preemption Bank	Preemption	.....	.....	1,000	†5,000	.....	.....	9,500
*State Bank of Seaton	Seaton	20,000	20,000	20,000	20,000	.....	.....	.....
*Farmers Bank	Sherrard	2,000	2,000	4,000	8,000	.....	.....	.....
Sherrard State Banking Co.	Sherrard	.....	10,000	5,000	†15,000	.....	.....	17,000
*Farmers Bank	Viola	2,500	7,500	5,000	5,000	5,000	4,000	3,000
*Viola State Bank	Viola	2,500	.....	10,000	3,500	10,000	.....	.....
	Total	116,000	149,500	133,000	246,500	115,500	60,000	106,500
Moultrie County—								
Director Sales, F. J. Thompson, Sullivan.								
Assistant, W. A. Steele, Sullivan.								
State Bank of Arthur	Arthur	2,500	.....	2,500	.....	10,000	5,000	.....
First National Bank	Arthur	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Peoples Bank	Allenville	1,000	1,000	1,000	1,000	.....	.....	.....
*Scott State Bank	Bethany	15,000	10,000	10,000	25,000	25,000	10,000	10,000
Farmers Bank	Dalton City	.....	.....	.....	1,000	1,000	.....	.....
Hight State Bank	Dalton City	.....	.....	.....	.....	.....	2,000	5,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Moultrie County—Continued.								
*Farmers Bank	Gays	2,000	.....	2,500	.....	†6,000	6,000	15,000
*Lake City Bank	Lake City	1,000	1,000	1,000	1,000	1,000	1,000	2,000
*Hardware Bank	Lovington	*5,000	10,000	5,000	10,000	10,000	10,000	11,000
Shepherd National Bank	Lovington	4,500	.....	.....	4,500	.....	.....	.....
*First National Bank	Sullivan	10,000	10,000	6,000	10,000	10,000	10,000	10,000
*Merchants & Farmers State Bank	Sullivan	12,000	10,000	8,000	8,500	10,000	9,500	8,000
	Total	58,000	47,000	41,000	66,000	77,000	58,500	66,000
Ogle County— Director Sales, J. L. Rice, Mt. Morris. Assistant, Frank J. King, Kings.								
Byron Bank	Byron	2,500	1,000	.....	.....	.....	.....	.....
Farmers & Merchants Bank	Byron	2,500	500	1,000	1,000	1,000	1,000	.....
*Chana Banking Co	Chana	1,000	1,000	1,000	1,000	2,000	2,000	.....
*Farmers Bank of Creston	Creston	4,000	4,000	3,000	3,000	10,000	5,000	4,000
Commercial State Bank	Forreston	5,000	2,500	3,000	3,000	.....	1,500	.....
Forreston State Bank	Forreston	10,000	8,000	8,000	6,000	5,000	8,000	10,000
*Exchange Bank	Holcomb	10,000	8,000	6,000	6,000	8,000	10,000	6,000
*Farmers Bank	Kings	4,500	4,000	4,000	4,000	5,000	6,000	5,500
Leaf River State Bank	Leaf River	.....	.....	4,000	.....	.....	.....	.....
*Citizens State Bank	Mount Morris	10,000	10,000	6,000	6,000	6,000	7,000	6,000
*Monroe Center State Bank	Monroe Center	8,000	8,000	5,000	5,000	5,000	5,000	5,000
Ogle County State Bank	Oregon	20,000	15,000	10,000	10,000	10,000	.....	.....
Oregon State Savings Bank	Oregon	5,000	10,000	.....	5,000	.....	.....	.....
Exchange National Bank	Polo	5,000	10,000	10,000	15,000	10,000	*10,000	10,000
*Polo State Bank	Polo	.....	30,000	.....	.....	5,000	5,000	.....
Peoples Loan & Trust Co	Rochelle	10,000	10,000	8,000	8,000	8,000	8,000	10,000
*Rochelle National Bank	Rochelle	10,000	5,000	10,000	5,000	5,000	5,000	5,000
*Rochelle Trust & Savings Bank	Rochelle	15,000	15,000	15,000	15,000	30,000	15,000	.....
*Stillman Valley Bank	Stillman Valley	10,000	10,000	6,000	6,000	6,000	8,000	10,000
	Total	132,500	152,000	100,000	99,000	116,000	86,500	71,500
Peoria County— Director Sales, J. C. Paddock, Peoria. Assistant, Jacob Wachenheimer, Peoria.								
*Farmers & Mechanics State Bank	Averyville	3,000	5,000	3,000	2,000	2,000	.....	.....
*Exchange State Bank	Brimfield	10,000	5,000	10,000	10,000	10,000	15,000	10,000
*First National Bank	Chillicothe	5,000	5,000	5,000	2,500	5,000	5,000	5,000
*Truitt, Matthews & Co	Chillicothe	15,000	.....	.....	5,000	.....	15,000	20,000
*Dunlap Bank	Dunlap	.....	.....	.....	10,000	.....	.....	.....
Clinch, Schench & Lott	Elmwood	10,000	10,000	10,000	10,000	10,000	.....	.....
*First State & Savings Bank	Elmwood	.....	.....	10,000	20,000	7,000	.....	.....
*Farmers State Bank	Glasford	5,000	5,000	5,000	8,500	25,000	25,000	10,000
*Hanna City State Bank	Hanna City	5,000	5,000	5,000	5,000	5,000	2,500	2,500
*Bank of Laura	Laura	7,000	3,000	5,000	10,000	5,000	.....	.....
Auten & Auten, Bankers	Monica	.....	2,000	.....	.....	.....	.....	.....
*Central National Bank	Peoria	60,000	85,000	52,000	52,000	50,000	60,000	100,000
*Commercial National Bank	Peoria	805,500	445,500	150,000	10,500	100,000	100,000	15,000
*Dime Savings & Trust Co	Peoria	.....	100,000	25,000	35,000	45,000	150,000	40,000
*First National Bank	Peoria	330,000	400,000	250,000	300,000	300,000	100,000	100,000
*First Trust & Savings Bank	Peoria	100,000	50,000	150,000	30,000	50,000	50,000	50,000

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Peoria County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Home Savings & State Bank	Peoria	10,000	60,000	20,000	35,000	40,000	50,000	65,000
*Merchants & Ill. National Bank	Peoria	124,500	103,000	†79,000	103,000	100,000	218,500	120,000
State Trust & Savings Bank	Peoria	10,000	.....	10,000	10,000	10,000	10,000	20,000
*Auten & Auten	Princeville	5,000	5,000	.....	5,000	2,000	.....	.....
Farmers State Bank	Princeville	.....	.....	.....	.....	.....	.....	15,000
*Bank of Trivoli	Trivoli	9,000	.....	.....	.....	.....	.....	.....
	Total	1,514,000	1,288,500	786,000	663,500	766,000	801,000	572,500
Piatt County— Director Sales, Wm. Dighton, Monticello. Assistant, R. M. Fleming, Bement.								
*First National Bank	Atwood	10,000	.....	10,000	10,000	10,000	.....	.....
*First National Bank	Bement	10,000	10,000	11,000	18,000	25,000	25,000	.....
*State Bank of Bement	Bement	10,000	5,000	10,000	10,000	15,000	25,000	.....
*Citizens Bank	Cerro Gordo	3,000	5,000	5,000	.....	15,000	5,000	.....
*State Bank of Cerro Gordo	Cerro Gordo	10,000	10,000	10,000	10,000	35,000	10,000	10,000
Croninger State Bank	Cisco	.....	5,000	2,000	5,000	13,000	5,000	.....
*First National Bank	Deland	5,000	5,000	5,000	5,000	10,000	5,000	5,000
*State Bank of Deland	Deland	5,500	5,000	15,000	10,000	10,000	.....	.....
*State Bank of Hammond	Hammond	.....	3,000	7,000	20,000	.....	6,000	.....
State Bank of La Place	La Place	.....	1,000	.....	.....	10,000	.....	.....
*Peoples State Bank	Mansfield	1,000	5,000	5,000	10,000	11,000	.....	.....
State Bank of Mansfield	Mansfield	.....	.....	.....	.....	.....	.....	.....
*Bank of Milmine	Milmine	2,000	2,000	2,000	2,000	20,000	10,000	2,000
Farmers State Bank	Monticello	.....	2,000	.....	10,000	.....	33,000	.....
*First National Bank	Monticello	25,000	25,000	40,000	25,000	25,000	25,000	20,000
*Moore State Bank	Monticello	10,000	10,000	7,000	7,000	50,000	.....	.....
*Bank of Pierson	Pierson Station	.....	.....	10,500	.....	.....	.....	.....
S. L. Sievers & Co., Bankers	White Heath	1,000	1,000	1,000	1,000	.....	.....	.....
	Total	92,500	94,000	140,500	143,000	249,000	149,000	37,000
Putnam County— Director Sales, J. G. Pletsch, Granville.								
*Granville State Bank	Granville	3,500	3,500	2,000	2,000	2,000	2,000	7,000
*First National Bank	Granville	15,000	10,000	7,000	7,000	15,000	11,000	10,000
*Putnam County Bank	Hennepin	1,500	.....	1,500	1,500	.....	1,500	2,500
*First State Bank	Magnolia	3,000	5,000	2,000	3,000	2,000	3,000	5,000
Farmers Bank	McNabb	3,000	3,000	3,000	1,000	2,000	2,500	2,000
	Total	26,000	21,500	15,500	14,500	21,000	20,000	26,500
Rock Island County— Directors Sales, M. S. Heagy (Rock Island and Southern part) and O. F. Anderson (Moline and Northern part).								
*Buffalo Prairie Bank	Buffalo Prairie	15,000	.....	5,000	.....	2,000	.....	.....
Bank of Cordova	Cordova	500	.....	.....	1,000	.....	.....	.....
Manufacturers State Bank	East Moline	.....	.....	.....	.....	5,000	5,000	.....
*State Bank of East Moline	East Moline	25,000	10,000	10,000	10,000	10,000	.....	5,000
Farmers & Merchants Bank	Hillsdale	1,000	1,000	2,000	2,000	5,000	5,000	5,000
Hillsdale Savings Bank	Hillsdale	1,000	1,000	1,000	3,000	.....	.....	.....
Commercial Savings Bank	Moline	5,000	5,000	5,000	5,000	10,000	5,000	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Rock Island County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Mechanics & Merchants Savings Bank	Moline	5,000	5,000	10,000	.....	10,000	10,000	10,000
*Moline Trust & Savings Bank	Moline	100,000	75,000	70,000	†97,000	50,000	55,000	45,000
*Peoples Savings Bank & Trust Co	Moline	.....	100,000	150,000	125,000	125,000	100,000	.....
*State Savings Bank & Trust Co	Moline	100,000	25,000	50,000	75,000	50,000	50,000	106,500
Peoples Trust & Savings Bank	Port Byron	.....	.....	.....	.....	.....	.....	1,000
Port Byron State Bank	Port Byron	10,000	5,000	5,000	2,000	.....	5,000	2,000
*Farmers State Bank	Reynolds	10,000	10,000	10,000	12,500	12,500	.....	10,000
Reynolds Bank	Reynolds	10,000	10,000	.....	.....	10,000	.....	.....
*American Trust & Savings Bank	Rock Island	40,000	40,000	30,000	30,000	30,000	30,000	.....
*Central Trust & Savings Bank	Rock Island	50,000	100,000	75,000	50,000	75,000	125,000	75,000
*Peoples National Bank	Rock Island	35,000	35,000	20,000	20,000	20,000	20,000	10,000
*Rock Island Savings Bank	Rock Island	25,000	100,000	75,000	50,000	100,000	80,000	70,000
*State Bank of Rock Island	Rock Island	25,000	25,000	50,000	55,000	50,000	50,000	100,000
Bank of Taylor Ridge	Taylor Ridge	10,000	.....	.....	.....	.....	.....	.....
	Total	467,500	547,000	568,000	487,500	564,500	535,000	439,500
Sangamon County— Director Sales, Geo. E. Keys, Springfield. Assistant, Jas. A. Easley, Springfield.								
*Auburn State Bank	Auburn	10,000	10,000	10,000	20,000	20,000	20,000	10,000
*Farmers State Bank	Auburn	5,000	.....	.....	5,000	.....	*5,000	5,000
*Buffalo Bank	Buffalo	6,000	10,000	2,000	50,000	.....	.....	.....
*Farmers State Bank	Buffalo	3,500	.....	.....	5,000	8,500	3,000	10,000
*Caldwell State Bank	Chatham	5,000	.....	45,000	.....	.....	10,000	.....
*Farmers State Bank	Divernon	10,000	.....	5,000	10,000	.....	.....	.....
*First National Bank	Divernon	7,500	7,500	7,500	27,500	10,000	5,000	.....
*Farmers State Bank	Illiopolis	20,000	8,000	.....	32,000	40,000	20,000	10,000
*Loami State Bank	Loami	50,000	.....	20,000	22,000	20,000	.....	.....
*A. T. Thompson & Co	Mechanicsburg	2,000	.....	.....	.....	.....	.....	9,000
*First State Bank	New Berlin	5,000	6,000	10,000	10,000	.....	.....	10,000
*Warren-Boynton State Bank	New Berlin	10,000	10,000	.....	10,000	.....	10,000	.....
*National Bank of Pawnee	Pawnee	.....	10,000	10,000	10,000	20,000	.....	10,500
*Pawnee State Bank	Pawnee	3,000	3,000	3,000	5,000	.....	.....	7,000
*Pleasant Plains State Bank	Pleasant Plains	7,500	7,500	7,500	7,500	10,000	7,500	5,000
Bank of Riverton	Riverton	.....	.....	.....	5,000	.....	10,000	.....
*Rochester State Bank	Rochester	.....	.....	.....	.....	10,000	15,000	.....
*Farmers National Bank	Springfield	75,000	75,000	90,000	116,000	344,000	.....	.....
*First National Bank	Springfield	50,000	50,000	50,000	100,000	60,000	50,000	50,000
*First Trust & Savings Bank	Springfield	31,000	32,000	25,000	21,000	21,000	25,000	25,000
*Illinois National Bank	Springfield	25,000	30,000	†250,000	230,000	†120,000	120,000	.....
*Ridgely National Bank	Springfield	10,000	115,000	100,000	.....	.....	.....	160,000
*Sangamon Loan & Trust Co	Springfield	25,000	25,000	75,000	175,000	200,000	.....	.....
*Springfield Marine Bank	Springfield	60,000	25,000	100,000	100,000	100,000	.....	50,000
*State Bank of Springfield	Springfield	*25,000	50,000	25,000	116,500	75,000	50,000	50,000
*Williamsville Bank	Williamsville	5,000	5,000	15,000	15,000	30,000	10,000	30,000
	Total	450,500	479,000	800,000	1,092,500	1,088,500	355,500	441,500
Schuyler County— Director Sales, John S. Little, Rushville. Assistant, Geo. Dyson, Rushville.								
*Farmers & Traders Bank	Browning	1,000	1,000	2,000	2,000	2,000	2,000	9,500
*Peoples Bank	Camden	.....	.....	.....	.....	.....	7,000	1,500

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Schuyler County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Littleton State Bank	Littleton	2,000	3,000	3,000	20,000	3,000	2,000	2,000
*Bank of Rushville	Rushville	20,000	20,000	16,000	20,000	24,000	25,000	25,000
*Rushville State Bank	Rushville	20,000	15,000	15,000	20,000	25,000	25,000	25,000
	Total	43,000	39,000	36,000	62,000	54,000	61,000	63,000
Shelby County— Director Sales, L. C. Westervelt, Shelbyville. Assistant, O. W. Walker, Shelbyville.								
First National Bank	Cowden	3,000	2,000	3,000	4,000	4,000	3,000	.....
*State Bank of Cowden	Cowden	1,000	5,000	3,000	3,000	3,000	2,500	2,000
*Farmers State Bank	Findlay	2,500	2,500	2,500	2,500	5,000	3,500	6,500
*First National Bank	Findlay	5,000	7,000	5,000	5,000	5,000	5,000	9,500
*State Bank of Herrick	Herrick	.....	7,000	3,500	3,500	3,500	3,000	1,500
*Citizens Bank	Lakewood	500	1,000	1,000	500	1,000	1,000	500
Ayars State Bank	Moweaqua	2,000	3,000	.....	.....	.....	.....	.....
*First National Bank	Moweaqua	10,000	10,000	15,000	10,000	10,000	10,000	5,000
*State Bank of Oconee	Oconee	2,000	2,000	2,000	4,000	2,000	2,500	2,000
*Citizens National Bank	Shelbyville	5,000	3,000	3,000	3,000	3,000	3,500	4,500
*First National Bank	Shelbyville	10,000	15,000	15,000	20,000	10,000	15,000	10,000
*Shelby County State Bank	Shelbyville	15,000	11,000	8,500	9,500	16,000	20,000	20,000
*Shelby Loan & Trust Co	Shelbyville	3,500	2,500	2,000	2,000	2,000	5,000	3,000
*Peoples Bank	Sigel	2,000	2,000	2,000	2,000	3,000	5,000	3,500
*First National Bank	Stewardson	5,000	10,000	7,000	10,000	10,000	6,000	.....
*Strasburg State Bank	Strasburg	5,000	5,000	5,500	15,000	.....	.....	2,500
*Tower Hill Bank	Tower Hill	2,000	2,000	5,000	3,000	3,000	4,500	5,500
*Farmers National Bank	Westervelt	3,000	3,000	4,000	4,000	10,000	10,000	5,000
*Citizens State Bank	Windsor	4,000	3,000	3,000	2,000	500	4,000	3,000
*Commercial State Bank	Windsor	13,000	5,000	7,000	6,000	6,000	8,000	7,500
Individual Subscriptions		.....	500	.....	1,000	500	.....	.....
	Total	93,500	102,000	97,500	111,000	98,500	112,500	93,000
Stark County— Director Sales, A. J. Adams, Wyoming.								
Bradford Exchange Bank	Bradford	5,000	.....	.....	5,000	.....	5,000	.....
Phenix Banking Co	Bradford	.....	.....	.....	5,000	.....	.....	.....
*LaFayette State Bank	La Fayette	10,000	5,000	.....	.....	.....	.....	5,000
*State Bank of Speer	Speer	5,000	2,500	5,000	5,000	.....	.....	2,000
*Bank of Dewey, Burge & Gould	Toulon	10,000	10,000	.....	15,000	.....	15,000	27,000
*State Bank of Toulon	Toulon	45,000	.....	15,000	.....	.....	.....	.....
*National Bank of Yyoming	Wyoming	20,000	20,000	5,000	5,000	10,000	5,000	.....
*Scott, Walters & Rakestraw	Wyoming	10,000	10,000	13,500	11,000	.....	10,000	11,500
	Total	105,000	47,500	38,500	46,000	10,000	35,000	45,500
Stephenson County— Director Sales, Addison Bidwell, Freeport. Assistant, Robert J. Stewart, Freeport.								
Dakota State Bank	Dakota	2,000	2,000	2,000	2,000	2,000	2,000	.....
Farmers Bank	Davis	5,000	5,000	.....	5,000	.....	5,000	.....
First National Bank	Freeport	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Freeport Trust & Savings Bank	Freeport	.....	2,000	.....	.....	.....	.....	.....

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Stephenson County– Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Stephenson County Bank	Freeport	20,000	20,000	20,000	27,500	25,000	20,000	20,000
Chas. D. Knowlton	Freeport	3,000	3,000	3,000	3,000	.....	3,000	3,000
Second National Bank	Freeport	15,000	15,000	.....	.....	.....	.....	.....
State Bank of Freeport	Freeport	25,000	25,000	25,000	30,000	25,000	27,000	25,000
German-American State Bank	German Valley	1,500	.....	500	.....	.....	.....	.....
*Citizens Bank	Lena	17,000	10,000	15,500	10,000	.....	.....	.....
Lena Bank	Lena	5,000	10,000	.....	.....	.....	10,000	.....
McConnell Bank	McConnell	.....	.....	.....	.....	.....	.....	.....
Orangeville State Bank	Orangeville	.....	.....	.....	.....	.....	8,000	2,000
Peoples State Bank	Orangeville	.....	.....	.....	.....	.....	.....	.....
Pearl City Bank Co	Pearl City	.....	.....	.....	.....	.....	.....	.....
Rock City State Bank	Rock City	1,000	1,000	2,000	5,000	6,000	5,000	10,000
State Bank of Winslow	Winslow	.....	1,000	.....	.....	.....	.....	.....
Individual Subscriptions		14,000	.....	.....	55,000	.....	.....	.....
	Total	138,500	124,000	98,000	167,500	88,000	110,000	90,000
Tazewell County— Director Sales, B. P. Schenck, Pekin. Assistant, J. W. Crabb, Delavan.								
Farmers State Bank	Armington	.....	.....	.....	.....	.....	.....	.....
*E. F. Verry	Armington	5,000	5,000	5,000	10,000	10,000	10,000	5,000
*Deer Creek Bank	Deer Creek	.....	.....	.....	2,000	2,000	1,000	1,000
*Baldwin Bank	Delavan	20,000	20,000	10,000	10,000	20,000	10,000	10,000
*Tazewell County National Bank	Delavan	40,000	10,000	10,000	50,000	20,000	10,000	20,000
*First National Bank	East Peoria	10,000	5,000	5,000	7,500	13,000	5,000	5,000
*Green Valley Bank	Green Valley	5,000	5,000	10,000	10,000	20,000	20,000	20,000
*Hopedale National Bank	Hopedale	10,000	5,000	10,000	20,000	10,000	10,000	10,000
*First National Bank	Mackinaw	5,000	1,000	6,000	6,000	6,000	2,000	15,000
*Mackinaw State Bank	Mackinaw	.....	8,500	.....	11,500	.....	.....	4,000
*Farmers State Bank	Minier	10,000	.....	5,000	10,000	10,000	10,000	7,000
*Minier State Bank	Minier	5,000	.....	3,000	5,000	5,000	5,000	.....
*Morton State Bank	Morton	7,000	3,500	5,500	15,000	15,000	.....	.....
*Farmers National Bank	Pekin	50,000	50,000	30,000	30,000	35,000	50,000	25,000
*American National Bank	Pekin	32,000	32,000	32,000	32,000	32,000	32,000	50,000
*Herget National Bank	Pekin	30,000	30,000	30,000	30,000	*20,000	40,000	20,000
*First National Bank	Tremont	5,000	5,000	30,000	15,000	.....	5,000	.....
*Tremont National Bank	Tremont	3,000	2,500	3,000	3,000	3,000	3,000	3,000
*A. G. Danfort & Co	Washington	3,000	5,000	4,000	4,000	5,000	3,000	3,000
*Henry Denhart & Co	Washington	14,000	14,000	10,000	10,000	14,000	12,000	17,500
Individual Subscriptions		.....	.....	.....	.....	2,000	.....	.....
	Total	254,000	201,500	208,500	281,000	242,000	228,000	215,500
Vermilion County— Director Sales, G. W. Telling, Danville. Assistant, J. M. Tincher, Danville.								
*State Bank of Allerton	Allerton	7,500	8,500	8,000	8,000	18,000	15,000	10,000
*Collison Bros. & Co	Alvin	1,000	2,000	2,000	3,000	2,000	2,000	.....
*Farmers State Bank	Armstrong	2,500	2,500	.....	.....	14,000	.....	6,000
*Farmers & Merchants Bank	Bismarck	500	500	.....	.....	1,000	10,000	2,000
*First National Bank	Catlin	10,000	5,000	10,000	8,000	10,000	7,000	.....
Peoples Bank	Collison	.....	2,000	2,000	.....	.....	2,000	.....

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Vermilion County—Continued.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*American Bank and Trust Co	Danville	10,000	10,000	15,000	15,000	33,000	40,000	30,000
*Commercial Trust & Savings Bank	Danville	40,000	41,000	25,000	25,000	45,000	25,000	10,000
*Danville National Bank	Danville	20,000	20,000	10,000	20,000	11,000	14,000	15,000
*First National Bank	Danville	20,000	20,000	30,000	35,000	25,000	100,000	75,000
*Palmer National Bank	Danville	10,000	20,000	25,000	†55,000	†141,500	55,000	165,000
*Second National Bank	Danville	19,000	26,500	20,000	21,500	20,000	.....	50,000
*Bank of East Lynn	East Lynn	1,000	.....	2,000	.....	3,000	4,000	6,500
*Exchange Bank	Fairmont	2,500	3,000	2,500	2,500	.....	.....	14,500
*Portersfield's Bank	Fairmont	500	2,500	2,500	6,000	3,500	5,000	.....
*First Bank of Fithian	Fithian	2,000	2,000	2,000	.....	13,000	5,000	.....
*First National Bank	Georgetown	8,000	4,000	8,000	8,000	10,000	6,000	6,000
First State Bank	Georgetown	1,500	1,000	1,000	1,000	1,000	1,000	.....
Lane Bros., Bankers	Henning	1,000	.....	.....	.....	.....	.....	.....
First National Bank	Hoopeston	15,000	15,000	15,000	.....	.....	.....	.....
*Hoopeston National Bank	Hoopeston	40,000	50,000	20,000	20,000	15,000	15,000	20,000
*State Line City Bank	Illiana State Line, Ind., P. O.	1,500	1,000	.....	.....	6,000	2,500	5,000
*Indianola Bank	Indianola	3,000	5,000	5,000	5,000	12,000	5,000	5,000
*Bank of Jamaica	Jamaica	2,500	2,000	2,000	2,000	5,000	2,000	2,500
*Bank of Oakwood	Oakwood	5,000	8,000	2,000	2,000	15,000	2,000	.....
*Goodwine Bank	Potomac	3,500	2,000	6,500	.....	8,000	7,000	.....
*Potomac National Bank	Potomac	2,000	2,000	5,000	5,000	10,000	.....	.....
*Rankin, Witham & Co	Rankin	10,000	500	5,000	5,000	.....	.....	5,000
*City National Bank	Ridge Farm	4,000	7,000	6,000	8,000	15,000	5,000	5,000
*First National Bank	Ridge Farm	8,000	.....	.....	10,000	15,000	12,000	.....
*Farmers National Bank	Rossville	5,000	5,000	5,000	5,000	5,000	5,000	5,000
*First National Bank	Rossville	9,000	9,000	2,000	7,500	12,500	10,000	5,000
*First National Bank	Sidell	15,000	15,000	15,000	15,000	5,000	.....	.....
*First National Bank	Westville	12,000	12,000	12,000	5,000	10,000	.....	.....
*Westville State Bank	Westville	2,000	2,000	2,000	2,000	10,000	2,000	2,000
Individual Subscriptions	.....	.....	30,000	.....	.....	.....	.....	.....
	Total	294,500	336,000	297,500	269,500	439,500	358,500	444,500
Warren County— Director Sales, E. D. Brady, Monmouth. Assistant, E. C. Hardin, Monmouth.								
*Bank of Alexis	Alexis	5,000	8,000	15,000	11,000	15,000	10,000	10,000
*First National Bank	Alexis	27,000	.....	13,000	14,000	5,000	3,000	.....
Farmers State Bank	Berwick	.....	8,000	.....	5,000	.....	5,000	.....
*State Bank of Cameron	Cameron	7,500	7,500	10,000	10,000	.....	15,000	.....
*First National Bank	Kirkwood	35,000	25,000	15,000	15,000	15,000	15,000	.....
*State Bank	Kirkwood	9,000	15,000	10,000	10,000	.....	.....	.....
*First State Bank	Little York	5,000	5,000	5,000	5,000	10,000	10,000	.....
*Monmouth Trust & Savings Bank	Monmouth	30,000	30,000	30,000	30,000	30,000	23,000	23,000
*National Bank of Monmouth	Monmouth	50,000	51,000	50,000	50,000	50,000	40,000	20,000
*Peoples National Bank	Monmouth	30,000	30,000	30,000	30,000	30,000	30,000	.....
*Second National Bank	Monmouth	38,500	41,500	40,000	40,000	40,000	40,000	25,000
*First National Bank	Roseville	25,000	20,000	.....	35,000	.....	.....	.....
*State Bank of Roseville	Roseville	17,500	52,500	.....	.....	10,000	.....	.....
*Smithshire Union Bank	Smithshire	5,000	.....	10,000	5,000	5,000	5,000	.....
*Swan Creek Bank	Swan Creek	5,000	.....	.....	5,000	.....	5,000	4,500
	Total	289,500	293,500	228,000	265,000	210,000	201,000	82,500

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Whiteside County— Director Sales, E. A. Smith, Morrison. Assistant, L. C. Thorne, Sterling.	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
*Albany State Bank	Albany	2,000	5,000	1,000	2,000	4,000	2,000	1,000
First Trust & Savings Bank	Albany	6,000	5,000	3,000	5,000	5,000	5,000	5,000
*First National Bank	Erie	20,000	15,000	20,000	20,000	25,000	20,000	20,000
*Fulton Bank	Fulton	20,000	20,000	20,000	20,000	20,000	16,000	14,000
Whiteside County State Bank	Fulton	5,000	5,000	.....	.....	.....	.....	.....
First State Bank	Lyndon	.....	.....	.....	2,000	.....	.....	.....
*First National Bank	Morrison	.....	10,000	5,000	5,000	5,000	5,000	36,000
Morrison State Bank	Morrison	5,000	5,000	5,000	5,000	5,000	.....	.....
*Smith Trust & Savings Bank	Morrison	30,000	30,000	20,000	20,000	5,000	10,000	15,000
*Citizens Bank	Prophetstown	5,000	20,000	5,000	5,000	10,000	5,000	.....
*Farmers National Bank	Prophetstown	50,000	10,000	10,000	.....	10,000	8,000	.....
*First National Bank	Rock Falls	15,000	15,000	10,000	10,000	15,000	15,000	10,000
*First National Bank	Sterling	45,000	15,000	40,000	20,000	20,000	23,500	.....
*First Trust & Savings Bank	Sterling	5,000	10,000	10,000	4,000	4,000	4,500	.....
*State Bank of Sterling	Sterling	10,000	.....	10,000	.....	10,000	10,000	28,000
*Sterling National Bank	Sterling	20,000	20,000	25,000	15,000	.....	50,000	18,500
*First National Bank	Tampico	3,000	15,000	.....	.....	.....	.....	.....
Tampico State Bank	Tampico	20,000	10,000	10,000	.....	5,000	5,000	5,000
Individual Subscriptions		.....	.....	.....	500	.....	.....	.....
	Total	261,000	210,000	194,000	133,500	143,000	179,000	152,500
Will County— Director Sales, F. W. Woodruff, Joliet.								
Farmers State Bank	Beecher	1,500	2,000	2,500	2,000	2,000	2,000	.....
First State Bank	Beecher	500	500	500	500	500	500	2,000
*W. H. Odell & Co	Braidwood	2,000	1,500	1,500	1,000	1,000	1,000	1,000
*Illinois State Bank	Crete	500	.....	.....	500	5,000	14,000	2,500
J. C. Beattie & Son	Elwood	1,000	500	500	500	500	500	500
Citizens Bank	Frankfort	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Frankfort State Bank	Frankfort	500	500	500	.....	500	500	.....
*Commercial Trust & Savings Bank	Joliet	20,000	20,000	20,000	15,000	20,000	15,000	.....
*First National Bank	Joliet	211,500	150,000	100,000	100,000	101,000	100,000	140,000
*Joliet National Bank	Joliet	100,000	85,000	90,500	60,000	75,000	50,000	50,000
*Joliet Trust & Savings Bank	Joliet	5,000	5,000	20,000	20,000	20,000	20,000	30,000
*Will County National Bank	Joliet	100,000	50,000	50,000	100,000	50,000	100,000	30,000
First National Bank	Lockport	25,000	.....	12,500	12,500	.....	.....	.....
*First National Bank	Manhattan	8,000	8,000	8,000	8,000	8,000	7,000	5,500
Manhattan Bank	Manhattan	.....	500	1,000	.....	.....	.....	.....
Mokena State Bank	Mokena	1,000	1,000	1,000	1,000	1,000	1,000	.....
*Eastern Will County State Bank	Monee	5,000	5,000	5,000	5,000	5,000	10,000	10,000
Monee State Bank	Monee	1,000	500	500	.....	.....	*500	1,500
Bank of Peotone	Peotone	1,000	3,500	3,500	3,500	1,000	1,000	2,500
*Citizens Bank	Peotone	2,500	8,500	2,000	4,000	5,500	8,500	5,000
*Peotone State Bank	Peotone	4,000	1,000	500	1,000	2,500	2,000	1,500
*Plainfield State Bank	Plainfield	5,000	5,000	5,000	10,000	15,000	11,000	10,000
Bank of Steger	Steger	5,000	.....	.....	.....	.....	.....	5,000
*Commercial National Bank	Wilmington	11,500	11,500	10,000	7,000	10,000	20,000	6,500
*First National Bank	Wilmington	15,000	.....	15,000	15,000	15,000	12,000	8,500
Individual Subscription		.....	.....	.....	.....	5,000	.....	.....
	Total	527,500	360,500	351,000	367,500	344,500	377,000	313,000

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
***Winnebago County*—**								
Director Sales, H. S. Burpee, Rockford.								
Assistant, Chandler Starr, Rockford.								
*Cherry Valley State Bank	Cherry Valley	6,000	6,000	3,500	3,500	3,500	4,500	6,000
*Citizens State Bank	Durand	5,000	5,000	3,000	3,000	3,000	4,000	4,000
*Durand State Bank	Durand	12,000	13,000	7,000	7,000	7,000	8,500	10,000
*Farmers & Merchants Savings Bank	Pecatonica	10,000	10,000	5,500	5,500	6,000	7,000	35,000
*Pecatonica State Bank	Pecatonica	5,000	3,000	2,000	3,000	3,000	6,000	15,500
*Forest City National Bank	Rockford	50,000	50,000	40,000	30,000	60,000	40,000	175,000
*Manufacturers National Bank	Rockford	70,000	65,000	37,000	37,000	37,000	45,000	37,000
*Peoples Bank & Trust Co	Rockford	50,000	40,000	27,000	27,000	27,000	33,000	27,000
*Rockford National Bank	Rockford	115,000	90,000	60,000	60,000	60,000	80,000	100,000
*Rockford Trust Co	Rockford	.....	3,000	3,000	3,000	3,000	4,000	4,000
*Swedish-American National Bank	Rockford	35,000	35,000	22,000	20,000	22,000	26,000	24,000
*Third National Bank	Rockford	80,000	66,000	50,000	50,000	50,000	60,000	50,000
*Winnebago National Bank	Rockford	65,000	53,000	40,000	40,000	40,000	66,000	53,500
*Winnebago State Bank	Winnebago	10,000	10,000	10,000	10,000	10,500	10,000	.....
	Total	513,000	449,000	311,000	299,000	332,000	394,000	541,000
***Woodford County*—**								
Director Sales, Chas. H. Ireland, Washburn.								
Assistant, F. B. Stitt, El Paso.								
*Farmers Bank	Benson	3,000	.....	3,000	.....	.....	3,000	.....
First State Bank	Benson	4,000	.....	4,000	4,000	.....	8,000	.....
*First National Bank	El Paso	15,000	15,000	10,000	10,000	12,000	12,000	5,000
*Woodford County National Bank	El Paso	5,000	30,000	5,000	5,000	5,000	5,000	10,000
*Farmers State Bank	Eureka	15,000	15,000	10,000	10,000	10,000	15,000	15,000
*First National Bank	Eureka	6,000	4,000	2,000	4,000	4,000	4,000	3,000
Goodfield Bank	Goodfield	.....	3,000	1,000	1,000	1,000	.....	.....
*Banta Bros. & Co	Lowpoint	.....	2,000	.....	2,000	.....	13,000	.....
*Metamora Bank	Metamora	10,000	10,000	8,000	22,000	8,000	10,000	.....
Minonk National Bank	Minonk	.....	.....	.....	.....	.....	.....	5,000
Minonk State Bank	Minonk	11,000	11,000	10,000	10,000	20,000	30,000	30,000
Roanoke State Bank	Roanoke	5,000	5,000	5,000	5,000	5,000	5,000	.....
*First National Bank	Secor	7,500	.....	6,500	4,000	5,000	5,000	7,000
*Peoples Bank	Washburn	2,000	5,000	3,000	5,000	5,000	5,000	5,000
*Washburn Bank	Washburn	8,000	6,500	6,500	5,000	6,500	5,000	4,000
	Total	91,500	106,500	74,000	87,000	81,500	120,000	84,000

TOTAL SUBSCRIPTIONS FROM ILLINOIS—JUNE TO NOVEMBER, 1918.

Issue	1918 June 25	1918 July 9	1918 July 23	1918 Aug. 6	1918 Sept. 3	1918 Sept. 17	1918 Oct. 1
Quota	$45,781,000	$45,781,000	$30,522,000	$30,522,000	$30,522,000	$36,625,000	$30,522,000
Subscriptions	69,500,500	41,132,500	34,790,000	40,621,000	36,774,000	39,178,000	33,356,000
Percentage total subscriptions of State Quota							118%
Number of Banks	1,309	1,309	1,309	1,309	1,309	1,309	1,309
Number of Subscribers	1,065	1,042	1,042	1,029	947	915	818

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—DECEMBER, 1918, TO JUNE, 1919.

Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Boone County—											
Director Sales, G. M. Marshall, Belvidere. Assistant, A. Gates White, Belvidere.											
Farmers State Bank.....Belvidere	15,000	12,000	15,000	15,000	20,000	15,000	.....	.....	15,000	10,000	.....
*First National Bank.....Belvidere	12,000	11,000	16,000	13,000	13,000	13,000	.....	.....	24,000	10,000	11,000
Peoples Bank .....Belvidere	20,000	18,000	20,000	20,000	20,000	20,000	.....	.....	20,000	10,500	.....
Second National Bank.....Belvidere	10,000	10,000	10,000	11,000	15,000	10,000	.....	14,000	15,000	10,000	10,000
*Caledonia National Bank.....Caledonia	3,000	5,000	.....	3,000	5,000	3,000	.....	3,000	.....	.....	5,000
*Capron Bank .....Capron	5,000	5,000	5,000	.....	10,000	5,000	.....	5,000	5,000	5,000	5,000
Poplar Grove Bank.....Poplar Grove...	.....	.....	5,000	20,000	5,000	.....	.....	4,000	.....	.....	.....
Bureau County—											
Director Sales, C. H. Coll, Princeton. Assistant, Charles W. Boyden, Sheffield.											
Arlington State Bank.....Arlington	.....	1,500	.....	500	.....	.....	.....	.....	.....	.....	.....
*Citizens State Bank.....Buda	.....	.....	.....	10,000	10,000	10,000	.....	.....	20,000	.....	.....
Lindner & Boyden.....Buda	.....	.....	†20,000	.....	†10,000	.....	10,000	†10,000	†10,000	30,000	.....
State Bank of Cherry.....Cherry	.....	.....	500	.....	.....	.....	.....	.....	.....	.....	.....
Depue State Bank.....Depue	10,000	10,000	.....	.....	.....	.....	.....	.....	20,000	.....	.....
Farmers & Miners Bank.....Ladd	5,000	5,000	5,000	5,000	5,000	.....	5,000	.....	5,000	5,000	5,000
Norris & Kendall.....Lamoille	5,000	5,000	6,000	6,000	6,000	6,000	5,000	.....	.....	.....	.....
Farmers & Traders State Bnk.Malden	500	3,000	3,000	.....	2,000	.....	2,000	.....	.....	.....	.....
First National Bank.....Manlius	.....	.....	.....	*5,000	10,000	.....	.....	.....	4,000	1,000	.....
*First State Bank.....Manlius	4,000	4,000	5,000	10,000	21,000	20,000	.....	11,000	3,000	2,000	.....
E. J. Ely & Co., Bankers.....Mineral	.....	.....	.....	1,000	.....	.....	.....	.....	15,000	.....	.....
W. E. Whaples & Co.....Neponset	.....	.....	.....	25,000	.....	.....	.....	.....	25,000	.....	.....
*Farmers National Bank.....New Bedford...	2,000	1,500	2,000	2,000	2,500	1,500	.....	1,500	4,000	.....	.....
*First State Bank.....Ohio	10,000	5,000	7,500	10,000	7,500	7,500	.....	6,500	6,500	10,000	10,000
*Citizens National Bank.....Princeton	30,000	30,000	35,000	60,500	35,000	40,000	.....	.....	61,000	26,000	60,000
Farmers National Bank.....Princeton	16,000	14,000	20,000	20,000	16,000	15,000	.....	.....	.....	.....	57,000
First National Bank.....Princeton	20,500	20,000	20,000	20,000	10,000	20,000	.....	20,000	20,000	10,000	.....
*First State Bank.....Princeton	15,000	15,000	15,000	15,000	15,000	10,000	10,000	22,500	15,000	.....	.....
Seatonville State Bank.....Seatonville	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Farmers State Bank.....Sheffield	10,000	10,000	10,000	10,000	10,000	10,000	.....	20,000	30,000	30,000	10,000
Spring Valley City Bank.....Spring Valley...	13,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	20,000	10,000	10,000
*Bank of Tiskilwa.....Tiskilwa	5,000	.....	5,000	5,000	5,000	10,000	.....	5,000	20,000	5,000	5,000
*First State Bank.....Tiskilwa	6,000	5,500	7,500	7,000	7,000	20,000	.....	7,000	7,000	17,000	8,000
*Citizens Bank .....Walnut	2,500	2,500	5,000	5,000	5,000	5,000	.....	5,000	.....	.....	.....
*Walnut Bank .....Walnut	3,000	3,000	3,000	10,000	10,000	20,000	.....	20,000	.....	.....	10,000
Bank of Wyanet.....Wyanet	.....	1,000	.....	.....	.....	.....	.....	.....	10,000	.....	.....
First National Bank.....Wyanet	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	5,000	10,000	5,000
Carroll County—											
Director Sales, J. S. Miles, Mt. Carroll. Assistant, E. C. Franck, Lanark.											
Farmers State Bank.....Chadwick	6,000	5,000	8,000	6,000	7,000	6,000	.....	6,000	5,000	6,000	5,000
*First National Bank.....Chadwick	8,000	7,000	12,000	.....	10,000	16,000	.....	7,000	8,000	7,500	7,000

EXPLANATION

* Before amount indicates subscription received too late for allotment.
† Before amount indicates subscription, either in whole or in part, filed through correspondent.
* In left-hand margin indicates that the bank has subscribed 100% or more of its quota for the series.
Subscriptions for the tax issues of August 20 and November 7, 1918, and January 16 and March 15, 1919, are listed in column 7.

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Carroll County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*Exchange State Bank	Lanark	6,000	5,000	7,000	6,000	5,000	6,000	.....	5,000	15,500	.....	.....
*First National Bank	Lanark	11,000	10,000	14,000	11,000	12,000	27,000	.....	.....	31,500	7,000	16,000
*Shumway State Bank	Milledgeville	13,000	10,000	15,000	16,000	15,000	15,000	.....	11,000	*11,000	26,000	12,000
*Carroll County State Bank	Mount Carroll	18,000	16,000	23,000	18,000	18,000	18,000	.....	16,000	16,000	16,000	16,000
*First National Bank	Mount Carroll	10,000	9,000	12,000	10,000	12,000	10,000	.....	17,000	20,000	10,000	35,000
*First State Savings Bank	Mount Carroll	10,000	9,000	12,000	10,000	12,000	10,000	.....	17,000	20,000	10,000	5,000
*Commercial State Bank	Savanna	12,000	10,000	14,000	12,000	12,000	12,000	.....	10,000	10,000	10,000	10,000
*First National Bank	Savanna	24,000	10,000	10,000	10,000	.....	10,000	.....	.....	8,000	4,000	5,000
*Savanna State Bank	Savanna	24,000	.....	5,000	8,000	8,000	10,000	.....	.....	12,000	3,000	5,000
*State Bank of Shannon	Shannon	10,000	10,000	.....	10,000	15,000	15,000	.....	10,000	.....	10,000	5,000
*Thomson Bank	Thomson	5,000	5,000	2,000	4,000	4,000	4,000	.....	3,000	3,000	4,000	3,500
Cass County— Director Sales, Matt. Yaple, Virginia. Assistant, W. K. Mertz, Chandlerville.												
Farmers & Mer. State Bank	Arenzville	.....	2,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Arenzville	15,000	15,000	10,000	10,000	10,000	.....	30,000	.....	.....	.....	.....
Bank of Skiles, Rearick & Co	Ashland	20,000	15,000	15,000	15,000	15,000	15,000	.....	15,000	15,000	15,000	15,000
Farmers State Bank	Ashland	.....	16,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Beardstown State Bank	Beardstown	.....	.....	.....	10,000	.....	.....	.....	.....	.....	.....	.....
First National Bank	Beardstown	20,000	20,000	.....	20,000	40,000	.....	.....	.....	.....	30,000	20,000
First State Bank	Beardstown	15,000	.....	.....	25,000	10,000	.....	.....	.....	.....	15,000	35,000
Peoples State Bank	Chandlerville	3,500	.....	.....	2,000	.....	.....	.....	.....	.....	.....	.....
State Bank of Chandlerville	Chandlerville	10,000	10,000	10,000	10,000	10,000	10,000	.....	.....	6,000	.....	10,000
Centennial National Bank	Virginia	11,000	1,000	8,000	10,000	10,000	.....	.....	.....	10,000	4,000	.....
Peoples Bank	Virginia	10,000	5,000	.....	5,000	5,000	5,000	.....	10,000	5,000	5,000	.....
Petefish, Skiles & Co	Virginia	15,000	20,000	20,000	10,000	15,000	15,000	.....	10,000	35,000	.....	.....
Champaign County— Director Sales, A. M. Burke, Champaign. Assistant, N. M. Harris, Champaign.												
Bondville Bank	Bondville	.....	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....	.....
Bank of Broadlands	Broadlands	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Champaign National Bank	Champaign	15,000	20,000	5,000	30,000	50,000	20,000	12,000	25,000	25,000	5,000	50,000
*Citizens State Bank	Champaign	50,000	30,000	25,000	30,000	50,000	50,000	21,500	25,000	45,000	25,000	50,000
Commercial Bank	Champaign	5,000	.....	10,000	15,000	15,000	7,000	.....	.....	.....	.....	.....
*First National Bank	Champaign	50,000	100,000	50,000	100,000	150,000	52,000	.....	.....	.....	50,000	150,000
First University Bank	Champaign	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Illini Bank	Champaign	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Illinois Trust & Savings Bank	Champaign	15,000	15,000	.....	20,000	20,000	.....	6,000	40,000	.....	25,000	.....
*Trevett Mattis Banking Co	Champaign	25,000	15,000	25,000	25,000	25,000	15,000	25,000	5,000	25,000	35,000	25,000
*Dewey Bank	Dewey	2,500	2,500	3,000	2,500	2,500	2,500	.....	4,000	8,500	2,500	.....
*First State Bank	Fisher	.....	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....	.....
Fisher Bank	Fisher	5,000	2,500	5,000	2,500	.....	.....	.....	.....	.....	.....	.....
First State Bank	Foosland	2,000	1,500	1,000	1,000	2,500	1,000	1,000	.....	10,000	2,000	4,000
*Morse State Bank	Gifford	6,000	5,500	7,500	6,000	15,000	6,000	.....	5,000	5,500	.....	2,000
Citizens Bank	Homer	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Raynor & Baab	Homer	5,000	4,500	5,000	5,000	5,000	.....	.....	35,000	.....	.....	.....
*First National Bank	Ivesdale	10,000	8,000	12,000	10,000	20,000	10,000	.....	.....	.....	.....	25,000
Longview Bank	Longview	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bank of Ludlow	Ludlow	2,000	.....	.....	.....	6,000	.....	.....	.....	.....	.....	.....
Farmers Bank	Mahomet	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mahomet Bank	Mahomet	4,000	.....	6,000	5,000	5,000	.....	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Town		1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Champaign County—Continued.												
*First National Bank	Ogden	5,000	5,000	5,000	5,000	14,000	5,000	.....	.....	.....	7,000	6,500
Ogden Bank	Ogden	.....	.....	.....	4,000	.....	.....	.....	.....	.....	.....	.....
*Bank of Penfield	Penfield	10,000	10,000	.....	.....	.....	.....	30,000	.....	.....	.....	20,000
Bank of Pesotum	Pesotum	.....	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Farmers & Merchants Bank	Pesotum	25,000	20,000	.....	15,000	25,000	.....	.....	.....	.....	.....	.....
*Philo Commercial Bank	Philo	5,000	5,000	2,500	2,500	2,500	2,500	.....	2,500	10,000	5,000	5,000
*Philo Exchange Bank	Philo	20,000	25,000	5,000	25,000	10,000	5,000	.....	5,000	5,000	20,000	25,000
Commercial Bank	Rantoul	2,000	.....	.....	.....	.....	.....	2,000	.....	.....	.....	.....
*First National Bank	Rantoul	50,000	20,000	20,000	20,000	100,000	50,000	.....	25,000	15,000	15,000	54,500
*Fowler Bank	Rantoul	3,000	.....	.....	.....	10,000	.....	.....	.....	40,000	.....	.....
Royal Bank	Royal	2,500	3,000	3,000	2,500	2,500	2,500	.....	.....	2,000	3,500	.....
Bank of Sadorus	Sadorus	2,000	1,000	1,000	1,000	.....	.....	.....	.....	1,000	2,000	.....
*Farmers First State Bank	Sadorus	4,500	4,000	5,500	5,000	7,500	4,500	.....	3,500	.....	4,000	3,000
Exchange Bank	St. Joseph	1,000	.....	.....	2,000	3,500	.....	.....	.....	.....	4,500	.....
St. Joseph Bank	St. Joseph	.....	.....	.....	4,000	4,000	.....	.....	.....	.....	.....	.....
*Dighton & Hetishee	Seymour	25,000	.....	.....	5,000	.....	.....	.....	.....	.....	15,000	.....
State Bank of Sidney	Sidney	5,000	3,000	5,000	.....	5,000	2,000	.....	.....	2,000	.....	.....
Winstons Bank	Sidney	4,000	3,000	4,000	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Thomasboro	25,000	25,000	.....	.....	.....	12,000	10,500	.....	.....	12,000	5,000
Bank of Tolono	Tolono	.....	.....	.....	.....	7,500	.....	.....	.....	.....	.....	.....
Citizens Bank	Tolono	.....	.....	.....	3,000	.....	.....	.....	.....	.....	.....	.....
*Bussey's State Bank	Urbana	15,000	30,000	25,000	30,000	25,000	.....	5,000	65,000	.....	.....	.....
First National Bank	Urbana	10,000	10,000	10,000	10,000	10,000	.....	.....	10,000	5,000	10,000	10,000
First State Tr. & Sav'gs Bank	Urbana	2,000	2,000	.....	2,000	2,000	4,000	.....	2,000	2,000	2,000	.....
*Urbana Banking Co	Urbana	20,000	20,000	20,000	.....	10,000	10,000	.....	30,000	30,000	20,000	35,000
Christian County— Director Sales, J. A. Adams, Taylorville. Assistant, J. E. Reese, Pana.												
First National Bank	Assumption	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Illinois State Bank	Assumption	.....	15,000	.....	10,000	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank	Bulpitt	.....	25,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens State Bank	Edinburg	.....	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....
Turner State Bank	Edinburg	5,000	10,000	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Grove City Bank	Grove City	.....	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Kincaid Trust & Sav'gs Bank	Kincaid	.....	5,000	.....	5,000	.....	5,000	.....	5,000	.....	.....	.....
Farmers State Bank	Morrisonville	.....	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Morrisonville	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Louis Johnson & Sons, B'nk'rs	Morrisonville	*10,000	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Mt. Auburn	10,000	.....	.....	12,000	10,000	.....	.....	.....	.....	.....	.....
Mt. Auburn State Bank	Mt. Auburn	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Eaton State Bank	Owaneco	4,000	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Palmer State Bank	Palmer	5,000	3,500	.....	4,000	5,000	.....	.....	.....	.....	.....	.....
Pana National Bank	Pana	.....	.....	30,000	10,000	10,000	10,000	.....	5,000	10,000	.....	.....
H. N. Schuyler State Bank	Pana	25,500	21,000	25,000	26,000	20,000	.....	11,500	.....	3,500	.....	.....
Peoples Bank	Rosemond	500	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank	Stonington	.....	.....	.....	5,000	.....	.....	.....	.....	.....	.....	.....
First National Bank	Stonington	10,000	10,000	10,000	10,000	21,000	5,000	500	10,000	.....	.....	.....
John B. Colegrove & Co	Taylorville	15,000	10,000	.....	10,000	10,000	.....	.....	.....	.....	.....	.....
Farmers National Bank	Taylorville	17,000	10,000	.....	10,000	10,000	7,500	.....	22,500	19,000	.....	3,500
First National Bank	Taylorville	30,000	30,000	30,000	30,000	30,000	30,000	1,000	30,000	10,000	.....	.....
*Taylorville National Bank	Taylorville	20,000	12,000	25,000	20,000	17,000	17,000	.....	10,000	60,000	.....	.....
Individual	Taylorville	.....	.....	.....	.....	50,000	.....	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Clark County—												
Director Sales, F. W. Greenough, Marshall.												
Casey National Bank	Casey	.....	.....	10,000	15,000	10,000	.....	.....	.....	.....	.....	.....
Eagle Bank	Casey	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Casey	10,000	10,000	10,000	.....	10,000	.....	5,000	10,000	20,000	5,000	30,000
*Dulaney National Bank	Marshall	20,000	20,000	20,000	20,000	20,000	20,000	.....	20,000	23,000	.....	.....
*Marshall State Bank	Marshall	6,000	4,000	5,000	4,000	4,000	4,000	.....	4,000	4,000	5,000	12,500
*First National Bank	Martinville	8,000	8,000	8,000	8,000	8,000	8,000	.....	8,000	8,000	8,000	8,000
*Martinville State Bank	Martinville	5,000	5,000	5,000	10,000	10,000	10,000	.....	5,000	.....	.....	15,000
First National Bank	Westfield	.....	.....	.....	.....	.....	.....	5,000	.....	.....	.....	.....
Farmers & Merchants Bank	West Union	2,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Coles County—												
Director Sales, Fred Grant, Mattoon.												
Assistant, F. G. Hudson, Charleston.												
Corn Exchange Bank	Ashmore	.....	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Charleston Tr. & Sav'gs Bank	Charleston	15,000	13,500	20,000	.....	15,000	15,000	.....	13,500	.....	13,500	.....
*First National Bank	Charleston	27,500	24,000	35,000	27,500	27,500	27,500	23,000	24,000	24,000	24,000	24,000
*Second National Bank	Charleston	20,500	18,000	25,500	20,500	20,500	20,500	.....	18,000	18,000	18,000	18,000
First National Bank	Humboldt	10,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Lerna	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	3,500	5,000	3,500
*Central Ill. Tr. & Sav'gs Bank	Mattoon	17,500	15,500	22,000	17,500	17,500	17,500	.....	15,500	20,000	15,500	15,500
*National Bank of Mattoon	Mattoon	47,500	60,000	60,000	50,000	50,000	50,000	27,500	50,000	50,000	52,000	42,000
*State National Bank	Mattoon	22,000	20,000	28,000	*22,000	45,000	22,000	.....	46,000	20,000	20,000	25,000
*Citizens Bank	Oakland	4,000	3,500	4,500	4,000	4,000	4,000	.....	3,500	3,500	4,000	3,500
*Oakland National Bank	Oakland	7,500	7,000	9,500	7,500	7,500	7,500	5,000	6,500	6,500	6,500	10,000
Rardin Bank	Rardin	2,000	2,000	2,500	2,000	2,000	2,000	.....	.....	.....	2,000	2,000
*Peoples Bank	Trilla	500	500	1,000	500	500	500	.....	500	.....	.....	.....
Cook County—												
Director Sales, L. S. Ritter.												
Assistant, Don P. Hayn.												
*Adams State Bank	Chicago	7,000	8,000	10,000	20,000	.....	.....	.....	.....	.....	.....	10,000
Aetna State Bank	Chicago	5,000	5,000	5,000	5,000	25,000	5,000	.....	.....	5,000	20,000	.....
American State Bank	Chicago	60,000	.....	20,000	20,000	15,000	15,000	10,000	25,000	.....	15,000	10,000
Atlas Exchange Nat'l Bank	Chicago	15,000	15,000	10,000	.....	.....	25,000	.....	.....	.....	.....	.....
Austin National Bank	Chicago	15,000	15,000	15,000	20,000	20,000	15,000	15,000	15,000	10,000	20,000	20,000
Austin Savings Bank	Chicago	2,000	.....	2,000	.....	2,000	2,000	.....	2,000	.....	.....	.....
*Austin State Bank	Chicago	62,500	55,000	80,000	62,500	62,500	62,500	22,000	55,000	55,000	55,000	55,000
Bank of Montreal	Chicago	.....	.....	.....	.....	.....	.....	42,000	.....	.....	.....	.....
Bank of Calumet	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Blue Island Ave. Sav'gs Bank	Chicago	2,500	2,500	.....	2,500	2,500	.....	.....	.....	.....	.....	.....
*Bowmanville National Bank	Chicago	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	5,000
*Calumet National Bank	Chicago	50,000	50,000	50,000	50,000	50,000	50,000	.....	5,500	5,000	10,000	5,000
Calumet Tr. & Savings Bank	Chicago	.....	.....	.....	10,000	10,000	.....	500	40,000	40,000	40,000	.....
Capital State Savings Bank	Chicago	21,500	20,000	20,000	20,000	20,000	20,000	2,000	20,000	20,000	20,000	20,000
Central Mfg. District Bank	Chicago	50,000	50,000	50,000	50,000	50,000	50,000	106,000	50,000	50,000	50,000	50,000
Central Trust Co. of Illinois	Chicago	1,000,000	1,000,000	200,000	500,000	500,000	500,000	840,000	500,000	500,000	500,000	825,000
Century Trust & Sav'gs Bank	Chicago	.....	10,000	.....	10,000	.....	.....	16,000	.....	.....	.....	.....
Chicago Avenue Sav'gs Bank	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Chicago City Bank & Tr. Co.	Chicago	75,000	75,000	75,000	75,000	75,000	85,000	40,000	75,000	75,000	75,000	75,000
*Chicago Sav'gs Bk. & Tr. Co.	Chicago	250,000	220,000	300,000	242,000	240,000	240,000	1,020,500	225,000	230,000	265,000	275,000
Citizens St. Bk. of Lake View	Chicago	.....	.....	15,000	.....	5,000	10,000	.....	25,000	.....	.....	.....

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Cook County—Continued.											
Citizens Trust & Sav'gs Bank. Chicago	10,000	.....	10,000	.....	.....	10,000	5,000	10,000	.....	10,000	.....
City State Bank. Chicago	1,000	.....	.....	.....	1,000	1,000	1,000	.....	.....	.....	.....
*Commercial Savings Bank. Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Commonwealth State Bank. Chicago	.....	500	500	500	500	500	.....	500	500	1,000	1,000
Cont. & Com'l National Bank. Chicago	5,050,000	†3,005,000	10,500,000	6,330,000	6,330,000	6,330,000	21,419,000	6,330,000	4,800,000	1,000,000	2,050,000
*Cont. & Com'l Tr. & Sav. Bk. Chicago	1,500,000	500,000	500,000	750,000	1,000,000	1,000,000	3,969,000	1,000,000	1,000,000	.....	1,500,000
Corn Exchange Nat'l Bank. Chicago	2,000,000	916,000	2,500,000	1,500,000	1,500,000	2,000,000	2,312,000	1,000,000	1,000,000	1,000,000	1,500,000
Cosmopolitan State Bank. Chicago	.....	.....	.....	15,000	.....	10,000	41,000	.....	.....	.....	.....
Cottage Grove Bank. Chicago	.....	.....	.....	.....	.....	5,000	.....	.....	.....	.....	7,000
Crawford State Sav'gs Bank. Chicago	10,000	.....	5,000	.....	5,000	.....	.....	5,000	.....	10,000	.....
*Depositors State Bank. Chicago	35,000	50,000	50,000	50,000	50,000	40,000	.....	30,000	25,000	70,000	203,000
*Drexel State Bank. Chicago	300,000	300,000	150,000	100,000	100,000	100,000	987,000	.....	100,000	200,000	600,000
Drovers National Bank. Chicago	210,000	200,000	200,000	350,000	300,000	300,000	22,000	300,000	250,000	350,000	750,000
Drovers Tr. & Sav'gs Bank. Chicago	50,000	50,000	50,000	50,000	50,000	50,000	.....	50,000	50,000	50,000	50,000
Englewood State Bank. Chicago	45,000	40,000	50,000	.....	25,000	25,000	.....	30,000	40,000	25,000	25,000
*First National Bank. Chicago	5,230,000	4,460,000	6,630,000	5,241,000	6,688,000	6,032,000	12,763,500	5,174,500	5,116,500	5,125,000	10,575,000
*First Nat'l Bk. of Englewood. Chicago	250,000	100,000	100,000	150,000	100,000	100,000	50,000	150,000	100,000	100,000	150,000
*First Tr. & Sav'gs Bank. Chicago	2,000,000	2,500,000	2,551,000	2,000,000	8,010,500	1,500,000	8,216,500	1,500,000	1,620,000	1,500,000	1,500,000
*Foreman Bros. Banking Co. Chicago	400,000	200,000	500,000	400,000	250,000	400,000	588,000	300,000	600,000	400,000	300,000
Fort Dearborn Nat'l Bank. Chicago	450,000	25,000	1,200,000	1,200,000	.....	1,000,000	875,500	1,000,000	1,000,000	1,000,000	200,000
Ft. Dearborn Tr. & Sav. Bank. Chicago	50,000	.....	171,000	.....	.....	.....	679,000	.....	.....	.....	.....
Franklin Trust & Sav'gs Bank. Chicago	50,000	.....	25,000	.....	25,000	25,000	.....	25,000	.....	50,000	.....
Fullerton-South'pt St. Sav. Bk. Chicago	10,000	10,000	10,000	15,000	.....	10,000	.....	10,000	.....	5,000	5,000
First Slavic Savings Bank. Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,000	.....
Garfield Park St. Sav. Bank. Chicago	10,000	10,000	20,000	10,000	10,000	10,000	.....	10,000	10,000	.....	.....
Greenebaum Sons Bk. & Tr. Co. Chicago	200,000	108,000	206,500	125,000	100,000	100,000	21,000	100,000	.....	100,000	200,000
Guarantee Tr. & Sav. Bank. Chicago	5,000	7,500	7,500	7,500	7,500	5,000	2,500	7,500	10,000	5,000	10,000
Hegewisch Savings Bank. Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Halsted Street State Bank. Chicago	5,000	5,000	5,000	5,000	.....	.....	2,000	.....	.....	.....	.....
*Harris Tr. & Savings Bank. Chicago	575,000	500,000	725,000	600,000	575,000	575,000	619,500	500,000	500,000	600,000	500,000
Hibernian Banking Ass'n. Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Hill State Bank. Chicago	17,000	13,000	18,500	15,000	15,000	15,000	.....	13,000	13,000	100,000	30,000
Home Bank & Trust Co. Chicago	35,500	35,000	35,000	70,000	35,000	35,000	70,000	75,000	35,000	25,000	35,000
*Humboldt State Bank. Chicago	6,000	.....	25,000	.....	25,000	15,000	2,500	10,000	.....	25,000	.....
*Hyde Park State Bank. Chicago	40,000	30,000	50,000	40,000	40,000	40,000	.....	30,000	35,000	50,000	40,000
Illinois Trust & Sav'gs Bank. Chicago	2,125,500	30,000	3,000,000	8,000	15,000	2,522,000	2,723,000	.....	1,000	2,000,500	3,001,000
*Immel & Sons Bank. Chicago	3,000	2,000	2,000	5,000	3,000	2,000	2,000	2,000	2,000	3,000	2,000
Independence State Bank. Chicago	15,000	.....	.....	.....	.....	.....	.....	15,000	25,000	20,000	.....
*Inter-St. Nat. Bk. of Hegewisch. Chicago	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
*Irving Park Nat'l Bank. Chicago	31,000	27,500	42,500	26,000	28,000	30,000	3,500	27,000	26,000	30,000	30,000
Jefferson Park Nat'l Bank. Chicago	15,000	10,000	.....	10,000	10,000	20,000	.....	10,000	10,000	20,000	20,000
*Kaspar State Bank. Chicago	125,000	120,000	175,000	200,000	150,000	150,000	75,000	50,000	200,000	.....	250,000
Kenwood Tr. & Sav'gs Bank. Chicago	.....	.....	100,000	.....	.....	25,000	25,000	.....	.....	.....	.....
*Kimball Tr. & Sav'gs Bank. Chicago	6,000	7,000	10,000	10,000	10,000	10,000	2,000	10,000	10,000	10,000	10,000
Kirchman Savings Bank. Chicago	5,000	2,500	.....	.....	3,000	.....	.....	5,000	.....	5,000	5,000
Karvalewski Bros., Bankers. Chicago	.....	.....	.....	5,000	.....	.....	.....	.....	.....	10,500	.....
Krause State Savings Bank. Chicago	25,000	20,000	25,000	35,000	25,000	20,000	41,000	20,000	20,000	20,000	25,000
Lake View State Bank. Chicago	10,000	10,000	10,000	15,000	15,000	10,000	32,000	10,000	15,000	15,000	10,000
Lake View Tr. & Sav. Bank. Chicago	20,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	11,000
*Lawndale National Bank. Chicago	40,000	40,000	50,000	50,000	100,000	50,000	50,000	40,000	40,000	50,000	25,000
Lawndale State Bank. Chicago	25,000	25,000	40,000	25,000	50,000	40,000	3,000	25,000	50,000	50,000	25,000
*Liberty Tr. & Sav'gs Bank. Chicago	55,500	48,500	71,000	56,000	56,000	56,000	3,000	48,500	48,500	50,000	42,000
Lincoln State Bank. Chicago	.....	.....	.....	.....	.....	.....	8,000	.....	75,000	25,000	.....

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Cook County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Lincoln Trust & Sav'gs Bank.	Chicago	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
*Live Stock Exch. Nat'l Bank.	Chicago	400,000	350,000	500,000	500,000	500,000	500,000	310,000	450,000	450,000	400,000	200,000
Logan Sq. Tr. & Sav'gs Bank.	Chicago	25,000	25,000	25,000	.....	25,000	.....	.....	.....	.....	.....	.....
*Madison & Kedzie St. Bank...	Chicago	35,000	30,000	45,000	35,000	35,000	35,000	.....	35,000	35,000	30,000	35,000
Market Trust & Sav'gs Bank.	Chicago	.....	.....	.....	.....	10,000	10,000	9,000	.....	.....	.....	.....
Mechanics & Traders St. Bank.	Chicago	.....	25,000	25,000	.....	.....	.....	75,000	15,000	30,000	.....	.....
*Mercantile Trust & Sav. Bank.	Chicago	70,000	62,000	89,000	71,000	50,000	70,000	495,000	60,000	60,000	92,000	62,000
Merchants Bank	Chicago	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Merchants Exchange Bank...	Chicago	2,000	2,000	5,000	5,000	5,000	5,000	2,000	5,000	5,000	5,000	5,000
Merchants Loan & Trust Co..	Chicago	2,035,000	1,000,000	2,500,000	1,000,000	2,000,000	2,000,000	18,891,000	1,750,000	1,750,000	6,000,000	1,750,000
Metropolitan State Bank....	Chicago	.....	.....	5,000	.....	2,000	.....	.....	.....	.....	.....	.....
Michigan Avenue Trust Co....	Chicago	.....	.....	.....	.....	.....	50,000	.....	.....	.....	25,000	.....
Mid-City Trust & Sav'gs Bank.	Chicago	114,500	100,000	2,000	100,000	15,500	115,000	7,500	100,000	100,000	100,000	100,000
Mutual National Bank.....	Chicago	5,000	7,000	7,500	6,000	6,000	6,500	.....	6,500	6,500	6,500	6,500
*National Bank of the Republic.	Chicago	1,200,000	665,000	950,000	750,000	750,000	750,000	1,722,500	660,000	660,000	660,000	660,000
Marquette Park Bank.....	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	10,000	.....
*National City Bank.....	Chicago	750,000	700,000	1,000,000	800,000	800,000	800,000	984,000	700,000	700,000	750,000	700,000
National Produce Bank.....	Chicago	50,000	60,000	50,000	65,000	56,000	50,000	47,000	50,000	50,000	50,000	50,000
*Noel State Bank.....	Chicago	60,000	55,000	75,000	70,000	60,000	60,000	3,000	55,000	55,000	55,000	55,000
North Avenue State Bank....	Chicago	60,000	.....	.....	100,000	.....	60,000	.....	40,000	40,000	.....	.....
Northern Trust Co. Bank.....	Chicago	500,000	500,000	500,000	250,000	250,000	250,000	1,358,000	500,000	500,000	1,500,000	750,000
North Side State Sav. Bank..	Chicago	10,000	.....	.....	.....	10,000	10,000	.....	10,000	10,000	35,000	.....
North-Western Tr. & Sav. Bk.	Chicago	150,000	100,000	125,000	125,000	100,000	100,000	5,000	100,000	100,000	100,000	150,000
Ogden Avenue State Bank....	Chicago	.....	.....	.....	.....	17,000	.....	20,000	.....	.....	.....	.....
Peoples Stock Yards St. Bk...	Chicago	150,000	100,000	100,000	100,000	100,000	.....	.....	100,000	100,000	.....	.....
Peoples Tr. & Sav'gs Bank...	Chicago	150,000	125,000	150,000	150,000	100,000	100,000	280,000	100,000	100,000	150,000	150,000
Phillip State Bank.....	Chicago	15,000	.....	10,000	10,000	.....	10,000	20,000	.....	.....	10,000	10,000
Pioneer State Savings Bank..	Chicago	10,000	15,000	15,000	15,000	15,000	10,000	.....	15,000	10,000	.....	.....
Pullman Tr. & Sav'gs Bank...	Chicago	50,000	50,000	50,000	.....	.....	.....	.....	.....	50,000	100,000	.....
Ravenswood National Bank...	Chicago	.....	.....	.....	.....	.....	5,000	.....	.....	.....	15,000	.....
Reliance State Bank.....	Chicago	50,000	50,000	50,000	25,000	25,000	25,000	.....	25,000	25,000	50,000	50,000
Rogers Park National Bank..	Chicago	10,000	.....	.....	40,000	10,000	10,000	.....	.....	.....	6,000	.....
Roseland State Sav'gs Bank..	Chicago	25,000	25,000	25,000	.....	.....	.....	.....	.....	25,000	50,000	.....
Schiff & Co. State Bank.....	Chicago	50,000	40,000	25,000	40,000	40,000	35,000	.....	50,000	35,000	25,000	35,000
*Second Security Bank.....	Chicago	50,000	40,000	50,000	100,000	50,000	50,000	.....	50,000	50,000	50,000	50,000
*Security Bank	Chicago	200,000	90,000	100,000	250,000	150,000	150,000	173,000	100,000	100,000	100,000	200,000
Sheridan Trust. & Sav. Bank.	Chicago	30,000	.....	.....	.....	.....	30,000	1,500	30,000	30,000	.....	28,500
Sixty-third Street Bank.....	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
63rd & Halsted State Sav. Bk.	Chicago	.....	.....	.....	2,000	.....	5,000	.....	.....	.....	.....	.....
*South Chicago Sav'gs Bank...	Chicago	50,000	50,000	50,000	50,000	150,000	100,000	149,000	100,000	100,000	100,000	50,000
South Side Savings Bank....	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
South Side State Bank.....	Chicago	5,000	.....	5,000	6,500	10,000	5,000	3,000	.....	.....	5,000	.....
Southwest State Bank.....	Chicago	10,000	15,000	15,000	5,000	5,000	5,000	5,000	10,000	10,000	.....	10,000
Southwest Tr. & Sav. Bank...	Chicago	10,000	5,000	10,000	.....	5,000	5,000	10,000	5,000	.....	15,000	10,000
*Standard Tr. & Sav'gs Bank..	Chicago	200,000	200,000	200,000	200,000	200,000	250,000	275,000	200,000	200,000	200,000	200,000
*State Bank of Chicago.....	Chicago	600,000	300,000	1,000,000	300,000	300,000	400,000	426,000	.....	600,000	500,000	3,000,000
State Bank of Clearing.....	Chicago	4,000	2,000	2,000	.....	2,000	2,000	.....	.....	.....	.....	.....
State Bank of West Pullman..	Chicago	5,000	.....	7,500	5,000	.....	5,000	.....	.....	5,000	.....	.....
State Commercial & Sav. Bk..	Chicago	.....	1,000	1,500	1,000	1,000	1,000	500	1,500	1,000	1,500	1,000
*Stockmen's Tr. & Sav. Bank..	Chicago	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	26,000	80,000
Stock Yards Savings Bank...	Chicago	.....	.....	100,000	50,000	50,000	50,000	50,000	100,000	100,000	100,000	50,000
Stony Island Tr. & Sav. Bank.	Chicago	4,000	4,000	.....	4,000	4,000	4,000	.....	.....	.....	.....	.....
Twelfth Street Sav'gs Bank...	Chicago	.....	.....	.....	2,000	.....	.....	.....	2,000	.....	.....	.....

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Cook County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Union Bank of Chicago	Chicago	10,000	10,000	15,000	10,000	.....	10,000	10,000	10,000	20,000	.....	.....
Union Bank of So. Chicago	Chicago	2,000	2,000	4,000	.....	2,000	6,000	.....	2,000	.....	6,000	4,000
*Union Trust Company	Chicago	730,000	646,000	900,000	400,000	700,000	700,000	4,129,000	600,000	600,000	600,000	1,125,000
United State Bank	Chicago	10,000	.....	5,000	.....	5,000	.....	.....	.....	5,000	.....	10,000
*Universal State Bank	Chicago	19,500	17,000	24,000	19,000	20,000	19,000	.....	17,000	17,000	17,000	20,000
*Wachowski Savings Bank	Chicago	15,000	20,000	.....	20,000	20,000	10,000	45,000	10,000	.....	.....	30,000
Washington Pk. Nat'l Bank	Chicago	25,000	.....	25,000	25,000	50,000	25,000	.....	25,000	25,000	.....	.....
W. Englewood Ashland St. Bk.	Chicago	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
West Side National Bank	Chicago	10,000	.....	10,000	5,000	5,000	5,000	10,000	.....	5,000	15,000	10,000
*West Side Tr. & Sav. Bank	Chicago	125,000	100,000	150,000	75,000	100,000	100,000	28,000	50,000	75,000	350,000	150,000
West Town State Bank	Chicago	20,000	10,000	10,000	15,000	35,000	.....	21,000	.....	.....	20,000	.....
Woodlawn Tr. & Sav'gs Bank	Chicago	65,000	60,000	75,000	60,000	61,000	60,000	10,000	50,000	50,000	.....	.....
Wiersema State Bank	Chicago	30,000	25,000	40,000	30,000	30,000	30,000	5,000	25,000	25,000	30,000	30,000
*South Shore State Bank	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Zelezlezng Savings Bank	Chicago	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Individual Subscriptions	Chicago	264,000	577,000	.....	.....	.....	.....	.....	.....	.....	2,000	.....
Argo State Bank	Argo	.....	.....	.....	.....	5,000	5,000	.....	.....	.....	.....	.....
Arlington Heights State Bk.	Arlington Hts.	5,000	5,000	5,000	5,000	10,000	5,000	.....	5,000	5,000	5,000	5,000
Peoples State Bank	Arlington Hts.	4,000	3,000	.....	4,000	.....	.....	.....	.....	.....	.....	.....
First State Bank	Barrington	.....	6,500	.....	5,000	.....	.....	.....	5,000	.....	.....	.....
Bartlett State Bank	Bartlett	500	.....	.....	.....	.....	1,000	.....	.....	.....	.....	.....
Bellwood State Bank	Bellwood	1,500	.....	.....	1,000	.....	.....	.....	1,000	.....	.....	.....
Berwyn State Bank	Berwyn	3,000	3,000	3,000	3,000	3,000	3,000	.....	.....	.....	3,000	3,000
Twelfth Street State Bank	Berwyn	.....	.....	.....	2,000	.....	.....	.....	.....	.....	.....	.....
Blue Island State Bank	Blue Island	5,000	.....	.....	10,000	.....	.....	2,000	.....	.....	15,000	.....
Commercial Bank	Blue Island	25,000	20,000	25,000	40,000	20,000	20,000	5,000	25,000	20,000	25,000	40,000
Brookfield State Bank	Brookfield	2,000	2,000	.....	2,000	2,000	.....	.....	.....	.....	.....	.....
Commercial Bank	Chgo. Heights	7,500	.....	.....	7,500	10,000	10,000	.....	7,500	15,000	12,500	10,000
First National Bank	Chgo. Heights	40,000	35,000	50,000	40,000	40,000	40,000	6,000	35,000	40,000	35,000	35,000
First State Bank	Chgo. Heights	20,000	20,000	20,000	20,000	20,000	20,000	2,000	20,000	10,000	20,000	15,000
Baker & Son Savings Bank	Cicero	.....	.....	.....	1,000	500	.....	.....	.....	.....	.....	.....
Cicero State Bank	Cicero	10,000	10,000	10,000	.....	10,000	.....	10,000	10,000	.....	10,000	10,000
*Kirchman State Bank	Cicero	15,000	10,000	15,000	15,000	10,000	15,000	5,000	15,000	15,000	10,000	10,000
Morton Park State Bank	Cicero	.....	.....	.....	10,000	.....	5,000	.....	.....	10,000	5,000	.....
Pinkert State Bank	Cicero	3,000	.....	3,000	3,000	3,000	.....	5,500	4,000	4,000	.....	3,000
Des Plaines State Bank	Des Plaines	10,000	10,000	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....
First National Bank	Des Plaines	10,000	2,000	2,000	5,000	2,500	3,000	.....	2,000	2,000	.....	.....
First National Bank	Dolton	.....	5,000	.....	10,000	.....	10,000	.....	.....	.....	.....	.....
City National Bank	Evanston	50,000	75,000	75,000	75,000	65,000	75,000	5,000	50,000	65,000	140,000	55,000
Evanston Trust & Sav. Bank	Evanston	10,000	10,000	10,000	5,000	10,000	40,000	5,000	35,000	15,000	.....	.....
*State Bank of Evanston	Evanston	80,500	75,000	100,000	80,000	100,000	80,000	20,000	80,000	75,000	130,000	75,000
Forest Park State Bank	Forest Park	3,000	3,000	5,000	2,000	2,000	3,000	.....	3,000	2,000	3,000	2,000
Harlem State Savings Bank	Forest Park	10,000	10,000	20,000	10,000	10,000	10,000	16,000	10,000	10,000	.....	15,000
Franklin Park State Bank	Franklin Park	.....	.....	.....	5,000	.....	5,000	5,000	.....	.....	.....	.....
Glencoe State Bank	Glencoe	16,000	.....	.....	.....	1,000	2,000	.....	1,000	.....	.....	.....
Bank of Harvey	Harvey	25,000	.....	.....	25,000	.....	.....	.....	.....	.....	10,000	25,000
*First National Bank	Harvey	20,000	20,000	20,000	20,000	20,000	20,000	5,000	20,000	20,000	20,000	.....
Homewood State Bank	Homewood	5,000	.....	.....	5,000	.....	.....	.....	.....	.....	.....	.....
LaGrange State Bank	LaGrange	20,000	20,000	.....	.....	20,000	.....	20,000	20,000	20,000	.....	.....
LaGrange Tr. & Sav'gs Bank	LaGrange	10,000	.....	10,000	10,000	10,000	10,000	.....	10,000	.....	10,000	10,000
Lansing State Bank	Lansing	5,000	3,000	6,000	5,000	5,000	5,000	5,000	4,000	5,000	10,000	.....
Lemont City Bank	Lemont	1,000	.....	2,000	1,000	.....	.....	.....	.....	.....	.....	2,000
*First State Bank	Matteson	2,000	.....	2,000	2,000	4,000	2,000	.....	2,000	2,000	9,000	5,000

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Cook County—Continued.											
Maywood State Bank.....Maywood	20,000	18,000	12,000	10,000	15,000	10,000	.....	5,000	.....	10,000	10,000
Maywood Tr. & Sav'gs Bank..Maywood	.....	2,000	2,000	5,000	4,000	4,000	.....	4,000	4,000	4,000	3,000
Proviso State Bank.....Maywood	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens State Bank.....Melrose Park...	15,000	5,000	5,000	10,000	5,000	5,000	.....	.....	45,000	12,000	.....
Melrose Park State Bank.....Melrose Park...	10,000	10,000	10,000	10,000	5,000	5,000	.....	.....	5,000	10,000	10,000
Morton Grove Tr. & Sav. Bk..Morton Grove...	.....	.....	2,000	.....	.....	.....	.....	.....	.....	.....	.....
Mount Prospect Nat'l Bank...Mt. Prospect....	3,000	3,000	3,000	5,000	3,000	.....	5,000	3,000	2,000	.....	.....
Niles Center State Bank.....Niles Center....	10,000	10,000	.....	10,000	.....	.....	.....	10,000	.....	.....	.....
Austin Ave. Tr. & Sav. Bank.Oak Park.....	2,500	.....	1,000	.....	.....	.....	.....	.....	.....	.....	.....
Avenue State Bank.....Oak Park.....	28,000	15,000	20,000	15,000	20,000	21,000	55,000	25,000	20,000	53,000	25,000
Oak Park Trust & Sav. Bank.Oak Park.....	25,500	25,000	25,000	.....	25,000	3,500	25,000	25,000	25,000	.....	.....
State Bank of Oak Park.....Oak Park.....	.....	.....	4,000	5,000	.....	5,000	.....	2,500	2,500	.....	.....
Suburban Tr. & Sav'gs Bank..Oak Park.....	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	5,000	5,000
Palatine Bank .....Palatine	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Park Ridge State Bank.....Park Ridge.....	10,000	5,000	10,000	8,000	8,000	8,000	12,000	5,000	5,000	3,000	3,000
First Trust & Sav. Bank.....Riverdale	1,000	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
River Forest State Bank.....River Forest....	6,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Riverside State Bank.....Riverside	11,000	5,000	5,000	2,500	5,000	.....	.....	.....	.....	5,000	5,000
Farmers Bank .....Schaumberg ...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Shermerville State Bank.....Schermerville ..	.....	.....	.....	7,000	.....	.....	.....	4,000	.....	3,000	3,000
South Holland Tr. & Sav. Bk..So. Holland.....	.....	.....	.....	5,000	10,000	10,000	.....	.....	.....	.....	.....
Summit State Bank.....Summit	10,000	.....	.....	.....	.....	.....	10,000	.....	.....	.....	.....
Thornton Bank .....Thornton	500	500	500	500	500	500	.....	500	500	.....	.....
Bremen State Bank.....Tinley Park....	2,000	2,000	2,000	4,000	3,000	3,000	.....	2,000	3,000	5,000	5,000
Western Springs State Bank..Western Springs	1,000	1,000	1,000	1,000	1,000	.....	.....	.....	.....	.....	.....
*W. Hammond Tr. & Sav. Bank.West Hammond.	.....	20,000	10,000	10,000	10,000	10,000	.....	20,000	10,000	10,000	20,000
First National Bank.....Wilmette	5,000	5,000	2,000	1,000	1,000	10,000	.....	1,000	1,000	2,000	10,000
Wilmette State Bank.....Wilmette	.....	30,000	.....	.....	20,000	.....	.....	.....	25,000	25,000	.....
Winnetka State Bank.....Winnetka	3,000	2,000	2,000	2,000	2,000	2,500	.....	1,000	.....	3,000	20,000
Winnetka Tr. & Sav. Bank...Winnetka	.....	.....	5,000	.....	5,000	.....	.....	.....	3,000	.....	.....
Cumberland County— Director Sales, R. C. Willis, Toledo. Assistant, Fred M. Welsheimer, Neoga.											
First State Bank.....Greenup	.....	.....	.....	2,000	.....	1,000	.....	.....	.....	.....	.....
*Greenup National Bank.....Greenup	10,000	8,000	10,000	8,000	8,000	8,000	.....	8,000	7,000	8,000	7,000
Bank of Hazel Dell.....Hazel Dell.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens Bank .....Janesville	2,000	2,000	2,000	2,000	2,000	2,000	.....	2,000	2,000	.....	.....
Jewett Banking Co.....Jewett	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Cumberland County Nat'l Bk.Neoga	7,500	7,000	7,500	7,000	7,000	7,000	.....	5,000	5,000	10,000	10,000
*Neoga National Bank.....Neoga	4,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	5,000	5,000	5,000
Farmers & Merchants Bank..Toledo	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank.....Toledo	6,500	6,000	6,000	5,000	6,000	5,500	.....	5,000	5,000	5,000	10,000
Toledo State Bank.....Toledo	.....	.....	.....	1,000	.....	.....	.....	.....	.....	1,500	.....
DeKalb County— Director Sales, S. E. Bradt, DeKalb. Assistant, H. G. Hupp, Somonauk.											
*DeKalb Trust & Sav'gs Bank.DeKalb	4,000	3,500	.....	4,000	.....	4,000	.....	5,000	10,000	4,500	3,500
*First Trust & Savings Bank..DeKalb	.....	30,000	21,000	16,000	16,000	16,000	.....	14,000	13,000	10,000	15,000
*First National Bank.....DeKalb	45,000	8,000	36,000	29,000	29,000	29,000	.....	24,000	25,500	35,000	12,000
Jacob Haish State Bank.....DeKalb	.....	3,000	.....	.....	.....	.....	1,500	3,000	.....	.....	.....
*Esmond State Bank.....Esmond	2,000	2,000	2,500	2,000	5,000	5,000	.....	2,000	1,500	1,500	1,500

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DeKalb County—Continued	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*Exchange Bank	Genoa	.....	4,000	4,000	.....	6,000	5,000	.....	5,000	8,000	14,000	40,000
Farmers State Bank	Genoa	.....	.....	.....	4,000	.....	.....	.....	.....	.....	.....	.....
Hinckley State Bank	Hinckley	.....	.....	11,000	5,000	6,000	10,000	.....	.....	8,000	.....	.....
First National Bank	Hinckley	.....	3,000	3,000	3,000	3,000	3,000	.....	3,000	2,000	3,000	2,000
Kingston State Bank	Kingston	.....	3,000	.....	3,000	.....	.....	.....	.....	.....	.....	4,000
*State Bank of Kirkland	Kirkland	12,000	7,500	11,000	9,000	9,000	9,000	.....	7,500	7,500	8,000	7,500
*First National Bank	Malta	6,000	5,000	5,000	8,500	8,000	4,000	2,500	5,000	5,000	9,500	5,000
*Farmers Tr. & Sav'gs Bank	Sandwich	5,000	5,000	5,000	5,000	5,000	5,000	.....	10,000	5,000	5,000	.....
*Sandwich Bank	Sandwich	10,000	10,000	10,000	10,000	10,000	10,000	5,000	5,000	10,000	10,000	5,000
Farmers & Traders St. Bank	Shabbona	.....	.....	.....	5,000	.....	.....	.....	.....	5,000	15,000	.....
*Farmers State Bank	Somonauk	5,000	8,000	8,000	9,000	10,000	10,000	.....	25,000	10,000	5,000	5,000
Somonauk State Bank	Somonauk	1,000	2,000	2,000	1,000	.....	.....	.....	3,000	4,000	3,500	3,000
*Citizens National Bank	Sycamore	10,000	.....	10,000	9,000	.....	20,000	4,500	.....	7,500	10,000	35,000
Pierce Trust & Sav'gs Bank	Sycamore	.....	10,000	10,000	10,000	10,000	.....	13,000	45,000	13,000	10,000	15,000
*Sycamore National Bank	Sycamore	.....	.....	.....	25,000	13,000	20,000	41,000	45,000	32,500	19,500	85,000
*Waterman State Bank	Waterman	7,000	8,000	9,000	14,000	35,000	15,000	.....	15,000	.....	7,000	.....
DeWitt County— Director Sales, J. Q. Lewis, Clinton. Assistant, E. B. Bentley, Clinton.												
DeWitt County Nat'l Bank	Clinton	.....	.....	.....	.....	25,000	.....	.....	.....	7,000	.....	.....
State Bank of Clinton	Clinton	.....	21,500	30,000	25,000	25,000	.....	.....	.....	.....	.....	50,000
*John Warner Bank	Clinton	25,000	20,500	25,500	23,000	20,000	25,000	25,000	15,000	60,000	20,000	.....
*State Bank of DeWitt	DeWitt	2,000	2,000	1,500	.....	2,000	4,000	7,000	.....	.....	12,000	2,000
*Old First National Bank	Farmer City	10,000	10,000	10,000	10,000	10,000	15,000	.....	15,000	10,000	.....	2,000
*John Weedman Nat'l Bank	Farmer City	20,000	20,000	25,000	25,000	20,000	20,000	.....	20,000	20,000	.....	10,000
*Farmers State Bank	Kenney	15,000	25,000	20,000	10,000	.....	.....	.....	.....	.....	.....	.....
Bank of Lane	Lane	3,000	.....	.....	.....	.....	.....	.....	3,000	.....	.....	.....
*Farmers & Merchants Bank	Wapella	10,000	.....	10,000	.....	.....	.....	.....	.....	.....	.....	10,000
*Wapella Bank	Wapella	10,000	10,000	5,000	10,000	3,000	2,000	2,000	3,000	.....	2,000	.....
Waynesville State Bank	Waynesville	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....
*State Bank of Weldon	Weldon	20,000	40,000	25,000	.....	15,000	.....	.....	.....	.....	.....	.....
Douglas County — Director Sales, S. Y. Whitlock, Tuscola. Assistant, E. W. Boyd, Arthur.												
Arcola State Bank	Arcola	.....	.....	10,000	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Arcola	12,500	12,500	15,000	20,000	20,000	10,000	5,500	10,000	.....	.....	.....
Camargo Bank	Camargo	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bragg, Helm & Co	Garrett	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Hindsboro	5,000	4,500	.....	.....	10,000	.....	.....	.....	.....	.....	.....
Hindsboro State Bank	Hindsboro	10,000	.....	.....	5,000	5,000	.....	.....	.....	5,000	3,000	7,000
Bank of Murdock	Murdock	2,000	2,000	1,000	3,000	1,000	1,000	.....	.....	.....	.....	.....
First State Bank	Newman	.....	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Newman National Bank	Newman	15,000	10,000	13,000	7,000	10,000	.....	15,000	.....	.....	.....	.....
Farmers & Traders Bank	Tuscola	.....	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....
First National Bank	Tuscola	15,000	16,000	15,000	15,000	15,000	15,000	.....	.....	25,000	.....	.....
*Tuscola State Bank	Tuscola	40,000	50,000	30,000	80,000	.....	.....	.....	.....	.....	.....	.....
First National Bank	Villa Grove	50,000	25,000	.....	.....	.....	.....	.....	.....	.....	40,000	40,000

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DuPage County— Director Sales, W. M. Givler, Naperville. Assistant, Henry C. Schumacher, Elmhurst.												
Addison State Bank	Addison	.....	2,000	.....	.....	.....	.....	.....	.....	.....	.....	1,000
First State Bank	Bensonville	5,000	.....	5,000	5,000	3,000	2,000	2,000	3,000	2,000	5,000	.....
Farmers & Merchants Bank	Downers Grove.	5,000	3,000	5,000	5,000	3,000	.....	.....	3,000	5,000	5,000	.....
*First National Bank	Downers Grove.	3,000	3,000	3,000	5,000	5,000	5,000	.....	5,000	6,000	15,000	15,000
Elmhurst State Bank	Elmhurst	10,000	5,000	10,000	10,000	10,000	10,000	.....	15,000	10,000	15,000	15,000
First National Bank	Elmhurst	2,000	1,000	1,000	.....	.....	2,000	.....	3,000	5,000	5,000	2,000
DuPage County State Bank	Glen Ellyn	.....	.....	.....	1,000	.....	.....	.....	.....	1,000	.....	.....
Glen Ellyn State Bank	Glen Ellyn	.....	.....	5,000	.....	2,500	.....	.....	.....	.....	.....	.....
Hinsdale State Bank	Hinsdale	10,000	.....	.....	.....	10,000	5,000	.....	10,000	5,000	10,000	.....
Hinsdale Tr. & Sav'gs Bank	Hinsdale	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....	.....
Dairymens Bk. of N. Illinois	Itasca	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Itasca State Bank	Itasca	1,000	1,000	.....	.....	1,000	.....	.....	.....	.....	.....	3,000
Lombard State Bank	Lombard	.....	3,000	3,000	.....	3,000	3,000	.....	5,000	5,000	5,000	.....
*First National Bank	Naperville	10,000	10,000	12,000	10,000	15,000	16,000	2,000	15,000	12,000	20,000	3,000
Reuss State Bank	Naperville	.....	.....	.....	10,000	10,000	10,000	.....	10,000	10,000	10,000	30,000
Roselle State Bank	Roselle	.....	.....	3,000	15,000	5,000	.....	3,000	.....	.....	.....	.....
State Trust & Savings Bank	West Chicago	8,000	7,000	10,000	8,000	.....	.....	.....	.....	7,000	.....	5,000
West Chicago State Bank	West Chicago	.....	20,000	.....	.....	.....	15,000	.....	.....	.....	.....	.....
*First National Bank	Wheaton	10,000	5,000	5,000	5,000	5,000	.....	40,000	15,000	.....	15,000	20,000
Gary Wheaton Bank	Wheaton	10,000	5,000	5,000	10,000	10,000	10,000	.....	.....	10,000	5,000	.....
Individual	Naperville	.....	.....	.....	.....	.....	.....	10,000	.....	.....	.....	10,000
Edgar County— Director Sales, Edward Levings, Paris. Assistant, R. N. Parish, Paris.												
Brocton Bank	Brocton	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Chrisman	.....	10,000	10,000	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Chrisman	Chrisman	7,000	4,000	3,000	25,000	6,000	3,000	.....	2,000	3,000	.....	.....
First National Bank	Hume	5,000	.....	.....	2,500	2,500	.....	.....	.....	.....	.....	.....
Hughes State Bank	Hume	.....	.....	5,000	15,000	5,000	.....	.....	.....	.....	.....	5,000
Isabel Bank	Isabel	1,000	.....	.....	.....	1,000	.....	.....	1,000	.....	.....	.....
Farmers National Bank	Kansas	.....	.....	.....	.....	.....	1,000	.....	9,000	10,000	500	.....
First National Bank	Kansas	.....	10,000	.....	10,000	.....	.....	.....	.....	.....	.....	.....
First National Bank	Metcalf	.....	.....	.....	5,000	5,000	.....	.....	.....	.....	.....	.....
Citizens National Bank	Paris	20,000	30,000	25,000	25,000	25,000	25,000	.....	.....	.....	.....	.....
*Edgar County Nat'l Bank	Paris	25,000	25,000	35,000	65,000	30,000	20,000	.....	20,000	.....	25,000	25,000
First National Bank	Paris	30,000	35,000	.....	25,000	25,500	13,000	.....	.....	.....	4,500	.....
Redmon Bank	Redmon	8,000	3,000	.....	.....	1,000	1,000	.....	.....	.....	.....	.....
First National Bank	Vermillion	4,000	3,000	3,000	5,000	5,000	5,000	.....	5,000	.....	10,000	10,000
Individual	Paris	.....	.....	10,000	.....	.....	.....	.....	.....	.....	.....	.....
Ford County— Director Sales, H. B. Shaw, Paxton. Assistant, L. E. Rockwood, Gibson City. Assistant, N. V. Latteer, Paxton.												
Bank of Cabery	Cabery	.....	5,000	.....	5,000	5,000	.....	.....	.....	.....	.....	.....
Farmers State Bank	Cabery	2,500	2,500	.....	5,000	10,000	.....	.....	.....	.....	.....	.....
*Bank of Clarence	Clarence	2,500	2,500	2,500	2,500	4,000	2,500	.....	4,500	2,500	2,500	6,500
*Bank of Elliott	Elliott	5,000	5,000	.....	5,000	5,000	5,000	.....	5,000	5,000	5,000	5,000

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Ford County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*First National Bank	Gibson City	15,000	20,500	20,500	16,500	20,500	27,000	10,000	27,000	44,000	15,000	17,500
*Gibson City State Bank	Gibson City	10,000	10,000	10,000	10,000	10,000	3,000	.....	.....	6,000	.....	10,000
Guthrie Bank	Guthrie	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Kempton	Kempton	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....
Iehl & Sons, Bankers	Melvin	.....	.....	.....	20,000	.....	.....	.....	.....	.....	.....	.....
Melvin State Bank	Melvin	.....	4,000	2,000	2,000	2,000	2,000	.....	.....	2,000	2,000	2,000
*Farmers & Merchants St. Bk.	Paxton	16,500	2,500	1,000	2,000	35,000	4,000	.....	.....	1,000	.....	3,000
*First National Bank	Paxton	20,000	20,000	25,000	25,000	30,000	30,000	10,000	28,000	20,000	25,000	30,000
*Paxton State Bank	Paxton	10,000	17,000	15,000	16,500	15,000	34,000	16,000	13,000	20,000	33,500	45,000
*First National Bank	Piper City	12,000	20,000	.....	11,000	10,000	10,000	10,000	10,000	11,000	.....	.....
*State Bank of Piper City	Piper City	10,000	10,000	6,000	14,000	15,000	5,000	12,500	5,000	5,000	.....	.....
*Roberts Exchange Bank	Roberts	1,000	4,000	2,500	.....	.....	.....	.....	.....	.....	.....	20,000
J. P. Smith, Banker	Roberts	3,000	3,000	3,000	3,000	3,000	3,000	.....	2,000	.....	.....	3,000
*Sibley Bank	Sibley	.....	5,000	11,000	10,000	20,000	11,000	.....	.....	6,000	.....	.....
Fulton County— Director Sales, U. G. Orendorff, Canton. Assistant, C. B. Hagans, Ipava.												
Astoria State Bank	Astoria	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Peoples State Bank	Astoria	10,000	9,000	12,500	.....	10,000	.....	.....	.....	.....	.....	.....
Avon State Bank	Avon	2,000	3,000	.....	2,000	.....	.....	.....	.....	.....	.....	.....
*Tomkins State Bank	Avon	20,000	.....	20,000	20,000	20,000	20,000	.....	.....	1,000	.....	.....
*Canton National Bank	Canton	38,000	33,000	47,000	38,000	37,000	37,000	40,500	33,000	45,000	.....	.....
*First National Bank	Canton	45,000	90,000	90,000	45,000	45,000	45,000	.....	.....	33,000	32,000	32,000
*First State Bank & Tr. Co.	Canton	15,000	15,000	15,000	40,000	30,000	10,000	1,000	15,000	15,000	15,000	49,000
*Parlin & Orendorff	Canton	35,000	35,000	35,000	.....	35,000	.....	435,000	35,000	35,000	35,000	.....
*First National Bank	Cuba	15,000	35,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Cuba	Cuba	10,000	10,000	10,000	5,000	10,000	.....	.....	.....	5,000	.....	.....
Farmers State Bank	Ellisville	2,500	1,000	2,000	3,000	3,000	3,000	.....	.....	.....	.....	.....
*Fairview State Banking Co.	Fairview	25,000	26,000	15,000	15,000	20,000	15,000	.....	15,000	10,000	10,000	.....
*Bank of Farmington	Farmington	15,000	15,000	15,000	15,000	15,000	15,000	.....	.....	11,000	.....	.....
*Alfred C. Steenburg & Co.	Farmington	40,000	10,000	.....	50,000	.....	.....	.....	20,000	.....	1,000	.....
*Ipava State Bank	Ipava	10,000	20,000	25,000	10,000	10,000	10,000	.....	8,000	7,000	.....	.....
Farmers State Bank	Lewiston	10,000	.....	12,000	.....	.....	.....	.....	15,000	10,000	20,000	.....
*Lewiston National Bank	Lewiston	15,000	15,000	15,000	15,000	15,000	15,000	.....	10,000	10,000	10,000	25,000
State Bank of London Mills	London Mills	.....	10,000	20,000	.....	20,000	.....	.....	.....	.....	.....	.....
*Smithfield State Bank	Smithfield	2,000	.....	10,000	10,000	.....	.....	10,000	.....	.....	.....	15,000
*Farmers Bank	Table Grove	10,000	10,000	20,000	15,000	15,000	10,000	.....	.....	.....	5,000	15,000
Fulton County Bank	Table Grove	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Peoples State Bank	Vermont	10,000	10,000	.....	10,000	.....	10,000	.....	10,000	.....	.....	.....
Grundy County— Director Sales, J. W. McKindley, Morris. Assistant, A. G. Perry, Gardner.												
Peoples Bank	Graceville	.....	.....	.....	2,000	2,000	2,000	.....	2,000	.....	500	1,000
First National Bank	Coal City	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	4,000	.....	.....
*Exchange Bank	Gardner	2,500	2,500	2,500	5,000	16,500	10,000	.....	5,000	5,000	10,000	10,000
*First National Bank	Gardner	10,000	10,000	10,000	8,000	10,500	8,000	10,000	8,000	14,000	15,000	10,000
Bank of Kinsman	Kinsman	5,500	1,500	.....	.....	.....	.....	.....	3,000	.....	2,000	.....
First National Bank	Mazon	5,000	5,000	.....	.....	5,000	5,000	.....	5,000	.....	.....	.....
*Farmers First National Bank	Minooka	5,000	.....	5,000	.....	10,000	10,000	.....	10,000	.....	12,500	5,500
Farmers & Mer. Nat. Bank	Morris	2,000	.....	.....	7,000	5,000	5,000	15,000	.....	.....	20,000	20,000
First National Bank	Morris	8,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	5,000	5,000	.....

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Grundy County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*First Trust & Sav'gs Bank	Morris	20,000	10,000	10,000	10,000	15,000	5,000	.....	15,000	10,000	30,000	15,000
Grundy County Nat'l Bank	Morris	20,000	10,000	.....	22,500	20,000	20,000	.....	20,000	20,000	30,000	10,000
*Bank of South Wilmington	S. Wilmington	3,000	1,000	.....	1,000	5,000	2,000	2,000	.....	.....	5,000	2,000
Verona Exchange Bank	Verona	.....	2,000	2,000	.....	.....	2,000	.....	.....	3,000	.....	3,500
Individual		.....	.....	.....	.....	.....	.....	.....	.....	4,000	.....	.....
Hancock County—												
Director Sales, S. H. Ferris, Carthage.												
Assistant, O. F. Berry, Carthage.												
First National Bank	Augusta	10,000	10,000	10,000	20,000	.....	3,000	2,000	.....	.....	5,000	.....
First Trust & Sav'gs Bank	Augusta	7,000	6,000	7,000	6,000	7,000	6,000	.....	.....	.....	.....	.....
Basco Bank	Basco	3,500	3,000	4,000	.....	3,500	3,500	.....	.....	7,000	.....	.....
Farmers Bank	Bowen	.....	.....	.....	10,000	20,000	.....	.....	.....	.....	.....	.....
State Bank of Burnside	Burnside	5,000	.....	2,000	.....	4,000	4,000	.....	4,000	.....	.....	.....
Dime Savings Bank	Carthage	13,000	11,000	15,000	11,000	12,000	13,000	.....	.....	.....	13,000	15,000
Ex. Bk. of Cherrill, Scholl & Co.	Carthage	.....	10,000	.....	5,000	16,000	.....	.....	.....	.....	.....	.....
*Hancock County Nat'l Bank	Carthage	17,000	16,000	21,000	16,500	16,500	16,500	.....	14,500	14,500	14,500	14,500
Farmers State Exch. Bank	Dallas City	.....	.....	.....	.....	15,000	.....	.....	10,000	.....	.....	15,000
First National Bank	Dallas City	12,000	10,000	15,000	12,000	12,000	12,000	.....	8,000	8,000	8,000	8,000
Harmony Bank	Denver	.....	2,000	.....	3,000	2,000	2,000	.....	.....	.....	.....	.....
*Farmers Exchange Bank	Elvaston	2,000	2,000	2,000	.....	4,000	2,000	.....	2,000	5,000	3,000	5,000
Farmers State Bank	Ferris	5,000	5,000	5,000	5,000	.....	.....	.....	.....	2,000	8,000	.....
*First National Bank	Hamilton	10,000	10,000	10,000	20,000	10,000	10,000	.....	10,000	.....	10,000	10,000
*Peoples State Bank	Hamilton	5,000	5,000	.....	5,000	5,000	5,000	.....	10,500	5,000	5,000	.....
*First National Bank	LaHarpe	12,000	8,000	11,000	9,000	9,000	9,000	5,000	8,000	8,000	8,000	3,000
LaHarpe State Bank	LaHarpe	15,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank	Nauvoo	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Nauvoo	Nauvoo	20,000	20,000	25,000	20,000	25,000	22,500	.....	20,000	.....	20,000	35,000
Plymouth State Bank	Plymouth	5,500	5,000	6,000	5,500	6,000	6,000	.....	5,500	5,500	5,500	.....
Tri-County State Bank	Plymouth	*6,000	6,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Farmers Bank	Stillwell	2,000	.....	2,000	.....	.....	4,000	4,000	.....	.....	.....	.....
Farmers National Bank	Warsaw	11,000	10,000	7,000	10,000	10,000	5,000	3,000	10,000	.....	.....	.....
Hill Dodge Banking Company	Warsaw	25,000	20,000	30,000	10,000	15,000	.....	10,000	15,000	20,000	25,000	25,000
State Bank of West Point	West Point	5,000	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	5,000
Henderson County—												
Director Sales, J. Y. Whiteman, Biggsville.												
Assistant, B. G. Widney, Stronghurst.												
*First National Bank	Biggsville	*10,000	25,000	25,000	.....	25,000	.....	.....	20,000	.....	25,000	.....
First State Bank	Gladstone	2,500	.....	2,500	.....	.....	.....	.....	.....	.....	.....	.....
Comm'l Trust & Sav'gs Bank	Lomax	3,500	10,000	3,000	.....	3,500	.....	.....	.....	.....	.....	.....
Media State Bank	Media	.....	4,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers & Mer. State Bank	Oquawka	2,500	1,500	2,500	3,000	.....	2,000	.....	4,000	5,000	3,000	.....
First State Bank	Oquawka	8,000	7,000	10,000	8,000	.....	.....	.....	.....	.....	25,000	.....
Raritan Union Bank	Raritan	3,000	.....	.....	4,000	.....	4,000	.....	.....	.....	.....	.....
First National Bank	Stronghurst	†15,000	7,000	7,000	.....	7,000	7,000	.....	5,000	8,000	8,000	11,500
State Bank of Stronghurst	Stronghurst	.....	.....	25,000	.....	.....	.....	.....	.....	25,000	.....	.....
Henry County—												
Director Sales, H. C. Dana, Kewanee.												
Assistant, Arthur Cook, Kewanee.												
Farmers State Bank	Alpha	1,500	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bank of Annawan	Annawan	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

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Henry County—Continued.											
*Farmers State Bank.....Annawan	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	.....	10,000	.....
Atkinson Bank .....Atkinson	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Farmers State Bank.....Atkinson	8,000	7,000	.....	.....	.....	10,000	.....	.....	36,000	3,000	20,000
Bank of Bishop Hill.....Bishop Hill.....	.....	.....	5,000	5,000	2,000	3,000	.....	2,000	5,000	5,000	5,000
Cambridge State Bank.....Cambridge	.....	.....	.....	.....	10,000	†10,000	.....	.....	10,000	.....	.....
*Farmers National Bank.....Cambridge	10,000	5,000	5,000	10,000	10,000	10,000	.....	15,000	60,000	20,000	15,000
*First National Bank.....Cambridge	10,000	10,000	10,000	10,000	10,000	10,000	.....	20,000	25,000	20,000	15,000
*Farmers Co-Op. State Bank..Galva	5,000	8,000	10,000	10,000	15,000	10,000	.....	10,000	10,000	10,000	5,000
First National Bank.....Galva	5,000	10,000	5,000	10,000	10,000	10,000	.....	.....	25,000	15,000	15,000
L. M. Yocum & Co., Bankers..Galva	.....	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Central Tr. & Savings Bank..Geneseo	10,000	10,000	10,000	.....	10,000	5,000	.....	5,000	10,000	10,000	10,000
*Farmers National Bank.....Geneseo	18,000	15,000	.....	18,000	15,000	19,000	.....	.....	30,000	33,000	15,000
First National Bank.....Geneseo	.....	25,000	.....	.....	.....	.....	.....	125,000	.....	.....	.....
Geneseo Savings Bank.....Geneseo	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank.....Hooppole	1,000	1,000	1,000	2,000	*2,000	3,000	.....	.....	.....	.....	.....
*First National Bank.....Kewanee	34,000	30,000	42,500	33,500	34,000	34,500	.....	30,000	30,000	32,000	31,000
*Kewanee St. Sav. Bk. & Tr. Co.Kewanee	16,000	30,000	5,000	16,000	32,000	10,000	.....	20,000	14,000	.....	17,000
*Savings Bank of Kewanee....Kewanee	.....	20,000	20,000	20,000	20,000	.....	.....	50,000	40,000	25,000	25,000
*Union St. Sav. Bk. & Tr. Co..Kewanee	.....	40,000	25,000	20,000	20,000	20,000	1,500	.....	55,000	35,000	30,000
Farmers Bank .....Ophiem	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank.....Orion	.....	.....	.....	.....	.....	.....	.....	20,000	.....	20,000	20,000
State Bank of Orion.....Orion	10,000	10,000	10,000	5,000	10,000	5,000	.....	10,000	20,000	5,000	.....
*Farmers Bank .....Osco	5,000	.....	.....	9,000	9,000	5,000	.....	.....	10,000	5,000	5,000
*First National Bank.....Woodhull	7,000	5,000	.....	10,000	10,000	.....	.....	20,000	5,000	.....	.....
*Woodhull State Bank.....Woodhull	10,000	10,000	10,000	20,000	10,000	10,000	.....	10,000	10,000	5,000	15,000
Iroquois County— Director Sales, H. T. Riddell, Watseka. Assistant, F. B. Martin, Watseka.											
Farmers Tr. & Sav'gs Bank..Ashkum	3,000	.....	.....	.....	.....	.....	.....	.....	3,000	.....	.....
Farmers & Merchants Bank..Ashkum	500	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*H. Lambert & Sons, Bankers..Beaverville	.....	10,000	.....	10,000	10,000	.....	.....	.....	.....	.....	.....
Buckley Bank .....Buckley	5,000	.....	.....	5,000	.....	10,000	.....	5,000	10,000	5,000	10,000
Bank of Chebanse.....Chebanse	.....	2,500	3,500	4,000	.....	.....	.....	.....	.....	.....	.....
Chebanse Bank .....Chebanse	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Iroquois County Bank.....Cissna Park....	20,000	20,000	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....
*First National Bank.....Clifton	10,000	.....	10,000	.....	10,000	10,000	10,000	10,000	10,000	.....	10,000
M. R. Meents & Sons.....Clifton	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank.....Crescent City...	.....	.....	25,000	31,500	13,500	10,000	.....	.....	7,000	22,000	40,000
Farmers State Bank.....Danforth	.....	.....	5,000	3,000	.....	10,000	.....	.....	.....	.....	.....
Bank of Donavan.....Donovan	.....	.....	.....	10,000	8,000	.....	.....	.....	.....	.....	.....
*Farmers State Bank.....Donovan	3,000	3,500	.....	5,000	5,000	3,000	5,000	3,000	.....	4,000	10,000
*First National Bank.....Gilman	15,000	10,000	15,000	12,500	12,500	12,500	.....	10,000	.....	.....	35,000
Gilman State & Savings Bank..Gilman	.....	5,000	5,000	10,000	3,500	2,000	.....	1,000	.....	.....	.....
Farmers Bank .....Goodwine	.....	.....	.....	2,000	.....	.....	.....	.....	.....	.....	.....
Bank of Iroquois.....Iroquois	.....	.....	.....	5,000	.....	.....	.....	.....	1,000	.....	.....
La Hogue Bank.....La Hogue	1,500	.....	.....	2,000	.....	.....	.....	.....	2,000	.....	1,500
A. Goodell & Sons Co.....Loda	6,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	10,000	20,000	5,000
*Martinton State Bank.....Martinton	.....	.....	20,000	10,000	.....	.....	.....	.....	.....	.....	10,000
*Citizens Bank .....Milford	10,000	10,000	10,000	10,000	20,000	10,000	.....	5,000	.....	.....	1,000
First National Bank.....Milford	.....	20,000	.....	.....	.....	.....	2,000	.....	.....	.....	.....
*Onarga State Bank.....Onarga	80,000	500	5,000	48,000	.....	16,500	22,000	.....	26,500	.....	.....
*Bank of Sheldon.....Sheldon	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000

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Iroquois County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*Citizens State Bank & Tr. Co.	Sheldon	6,000	6,000	.....	.....	.....	.....	.....	.....	30,000	10,000	10,000
Bank of J. Sumner & Sons	Stockland	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Skeels & Thrasher	Thawville	7,000	4,000	7,000	4,000	5,000	5,000	.....	5,000	5,000	8,000	13,000
*Citizens State Bank	Watseka	25,000	26,000	.....	.....	50,000	.....	56,500	.....	49,500	10,000	25,000
*First National Bank	Watseka	10,000	10,000	10,000	15,000	20,000	20,000	.....	.....	5,000	.....	10,000
*First Trust & Sav'gs Bank	Watseka	.....	30,000	35,000	45,000	.....	10,000	40,000	14,000	.....	5,000	35,000
*Wellington State Bank	Wellington	5,000	5,000	3,000	3,000	1,500	10,000	.....	.....	.....	7,000	.....
*Woodland Bank	Woodland	.....	10,000	.....	.....	25,000	20,000	35,000	.....	.....	.....	10,000
Jo Daviess County— Director Sales, P. M. Rindesbacher, Stockton. Assistant, C. P. Mahony, Galena.												
Bank of Apple River	Apple River	2,000	1,500	1,000	500	5,000	500	.....	.....	.....	.....	.....
Tyson Banking Co	Apple River	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*East Dubuque Sav'gs Bank	East Dubuque	10,000	10,000	10,000	10,000	15,000	25,000	.....	20,000	15,000	10,000	10,000
State Bank	East Dubuque	.....	5,000	.....	5,000	5,000	2,000	.....	2,000	.....	.....	.....
Elizabeth Exchange Bank	Elizabeth	10,000	20,000	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....
Elizabeth State Bank	Elizabeth	5,000	10,000	.....	20,000	10,000	10,000	.....	.....	.....	.....	.....
First State & Savings Bank	Galena	5,000	.....	5,000	5,000	5,000	5,000	.....	5,000	5,000	10,000	.....
Galena National Bank	Galena	21,000	10,000	10,000	50,000	20,000	10,000	.....	10,000	25,000	5,000	.....
Merchants National Bank	Galena	10,000	5,000	.....	.....	10,000	.....	.....	.....	.....	.....	.....
*Hanover Rural Bank	Hanover	15,000	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....	.....
*Hanover Union Bank	Hanover	30,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Scales Mound	Scales Mound	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bank of Stockton	Stockton	15,000	10,000	15,000	10,000	15,000	15,000	.....	10,000	.....	.....	.....
*P. M. Rindesbacher & Co	Stockton	6,000	6,000	6,000	.....	12,000	6,000	.....	12,000	12,000	.....	.....
National Farmers Bank	Warren	.....	.....	.....	.....	.....	.....	1,000	.....	.....	.....	.....
*State Bank of Warren	Warren	1,500	26,000	25,000	15,000	15,000	15,000	.....	22,000	13,000	5,000	.....
Kane County— Director Sales, F. B. Watson, Aurora. Assistant, C. F. O'Hara, Elgin.												
*Aurora National Bank	Aurora	50,000	50,000	.....	100,000	50,000	50,000	500	100,000	.....	85,000	100,000
*Aurora Trust & Sav'gs Bank	Aurora	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	5,000	10,000	5,000
First National Bank	Aurora	50,000	50,000	56,000	50,000	54,000	50,000	20,000	50,000	60,000	60,000	.....
American National Bank	Aurora	50,000	.....	50,000	50,000	50,000	.....	10,000	50,000	.....	50,000	50,000
Merchants National Bank	Aurora	40,000	20,000	30,000	40,000	50,000	40,000	5,000	18,000	20,000	50,000	75,000
*Old Second National Bank	Aurora	130,000	175,000	250,000	145,000	190,000	110,000	62,000	.....	.....	135,000	135,000
Batavia National Bank	Batavia	10,000	10,000	10,000	15,000	15,000	.....	.....	.....	.....	10,000	.....
*First National Bank	Batavia	15,000	15,000	15,000	25,000	25,000	25,000	15,000	25,000	5,000	15,000	15,000
Dundee State Bank	Dundee	15,000	10,000	10,000	15,000	10,000	15,000	.....	10,000	15,000	15,000	15,000
First National Bank	Dundee	5,000	10,000	5,000	10,000	10,000	10,000	.....	5,000	8,000	15,000	.....
Elburn State Bank	Elburn	.....	.....	.....	.....	.....	4,000	.....	.....	.....	11,000	5,000
Kane County Bank & Tr. Co.	Elburn	.....	.....	.....	.....	.....	.....	.....	.....	.....	20,000	.....
Elgin City Banking Co	Elgin	15,000	15,000	.....	25,000	25,000	.....	.....	20,000	20,000	.....	.....
Elgin National Bank	Elgin	.....	25,000	.....	25,000	.....	.....	.....	.....	25,000	.....	.....
First National Bank	Elgin	31,500	.....	.....	30,000	.....	.....	50,500	20,000	20,000	.....	.....
Home National Bank	Elgin	25,000	28,000	25,000	27,000	25,000	28,000	.....	17,000	25,000	45,000	25,000
Home Trust & Sav'gs Bank	Elgin	.....	15,000	15,000	25,000	35,000	20,000	.....	25,000	25,000	.....	.....
Union National Bank	Elgin	12,500	.....	10,000	10,000	15,000	10,000	.....	10,000	5,000	10,000	25,000
*First National Bank	Geneva	5,000	.....	5,000	5,000	5,000	5,000	.....	5,000	5,000	10,000	5,000
State Bank of Geneva	Geneva	5,000	5,000	5,000	5,000	30,000	.....	.....	.....	.....	.....	50,000
*State Bank of Hampshire	Hampshire	.....	5,000	5,000	.....	5,000	5,000	5,000	5,000	5,000	10,000	10,000

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Kane County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
First State Bank	Maple Park	.....	.....	.....	.....	10,000	5,500	.....	5,000	.....	7,500	.....
St. Charles National Bank	St. Charles	.....	.....	.....	12,000	.....	.....	.....	.....	.....	.....	.....
Stewart State Bank	St. Charles	20,000	10,000	10,000	10,000	10,000	10,000	.....	25,000	10,000	12,000	13,000
Bank of Virgil	Virgil	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Individual		.....	.....	50,000	.....	.....	.....	27,000	.....	.....	.....	.....
Kankakee County— Director Sales, C. R. Miller, Kankakee. Assistant, F. M. Lockwood, Kankakee.												
Bradley State & Sav'gs Bank	Bradley	5,000	.....	.....	1,000	2,000	2,000	.....	.....	4,000	.....	.....
Farmers Bank	Buckingham	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Charles F. Skinner	Essex	.....	.....	.....	.....	.....	.....	.....	.....	500	.....	.....
Farmers State & Sav'gs Bank	Grant Park	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Grant Park Tr. & Sav. Bank	Grant Park	20,000	15,000	26,000	.....	.....	.....	.....	.....	.....	.....	.....
Citizens State Bank	Herscher	10,000	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Herscher	Herscher	.....	5,000	.....	5,000	10,000	.....	10,000	.....	.....	.....	.....
Irwin Bank	Irwin	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*American St. & Sav'gs Bank	Kankakee	15,000	13,000	17,000	14,000	15,000	15,000	5,000	13,000	13,000	10,000	15,000
*City National Bank	Kankakee	25,000	35,000	35,000	35,000	30,000	20,000	3,000	10,000	10,000	25,000	25,000
First Trust & Sav'gs Bank	Kankakee	50,000	35,000	35,000	25,000	25,000	25,000	5,000	25,000	50,000	100,000	.....
Kankakee Co. Tr. & Sav. Bank	Kankakee	50,000	75,000	65,000	65,000	50,000	25,000	2,000	20,000	20,000	25,000	.....
Legris Brothers Bank	Kankakee	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens State Bank	Manteno	5,000	7,500	5,000	2,500	5,000	3,000	.....	2,000	3,000	7,000	5,000
*Manteno State & Sav'gs Bank	Manteno	5,000	5,000	3,000	8,000	5,000	5,000	.....	5,000	3,000	5,000	6,000
First National Bank	Momence	5,000	5,000	6,000	10,000	10,000	10,000	.....	8,000	15,000	.....	6,000
*Momence St. & Sav'gs Bank	Momence	4,500	4,000	5,000	4,500	4,500	2,000	.....	.....	4,000	7,500	10,000
Parish Bank	Momence	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Reddick State Bank	Reddick	3,500	3,500	3,500	5,000	10,000	5,000	5,000	.....	.....	.....	10,000
*Farmers State Bank	St. Anne	3,000	5,000	5,000	25,000	6,000	6,000	.....	5,000	5,000	.....	5,000
*First National Bank	St. Anne	9,000	7,000	9,000	9,000	9,000	9,000	9,000	9,000	.....	7,000	6,000
Kendall County— Director Sales, B. J. Stumm, Yorkville. Assistant, C. L. Burkhardt, Oswego.												
Millbrook Farmers Bank	Millbrook	.....	.....	.....	.....	.....	.....	.....	.....	500	.....	.....
First State Bank	Millington	.....	.....	.....	.....	.....	.....	.....	15,000	.....	.....	.....
Farmers State Bank	Newark	5,000	3,000	.....	.....	.....	5,000	.....	.....	.....	.....	.....
Oswego State Bank	Oswego	6,000	.....	10,000	.....	10,000	7,500	.....	.....	10,000	12,500	7,000
First State Bank	Plano	6,500	6,000	7,500	7,000	15,000	6,500	.....	6,500	6,000	.....	.....
Plano State Bank	Plano	6,000	5,000	.....	.....	.....	.....	5,000	.....	.....	.....	.....
*Farmers State Bank	Yorkville	.....	.....	.....	6,000	20,000	4,000	.....	10,000	.....	15,000	10,000
Yorkville National Bank	Yorkville	3,000	10,000	.....	.....	10,000	.....	.....	10,000	10,000	20,000	.....
Knox County— Director Sales, Charles E. Johnson, Galesburg.												
First National Bank	Abingdon	15,000	.....	10,000	10,000	10,000	10,000	2,500	10,000	.....	.....	.....
First State & Savings Bank	Abingdon	6,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Bank of Altona	Altona	13,000	11,500	16,000	13,000	12,500	12,500	.....	23,500	11,000	13,000	11,000
Bank of Galesburg	Galesburg	31,000	37,500	40,000	30,000	30,000	30,000	14,000	30,000	30,000	30,000	30,000
*Farmers & Mechanics Bank	Galesburg	25,000	12,000	25,000	25,000	.....	25,000	.....	25,000	30,000	25,000	25,000
*First National Bank	Galesburg	54,000	39,000	65,000	50,000	50,000	50,000	30,500	40,000	50,000	50,000	50,000
Galesburg National Bank	Galesburg	25,000	25,000	25,000	25,000	25,000	25,000	10,500	25,000	50,000	.....	50,000
*Peoples Trust & Sav'gs Bank	Galesburg	20,000	.....	50,000	50,000	50,000	50,000	.....	75,000	50,000	.....	20,000

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Knox County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*Farmers National Bank	Knoxville	15,000	30,000	.....	17,000	42,000	25,000	.....	.....	50,000	15,000	.....
*Knox County State Bank	Knoxville	9,500	8,500	12,000	10,000	11,000	9,500	.....	12,000	20,000	16,000	8,000
First National Bank	Maquon	6,000	.....	.....	10,000	6,000	.....	10,000	.....	.....	.....	.....
Maquon State Bank	Maquon	10,000	10,000	8,000	10,000	5,000	3,000	.....	4,000	.....	5,000	.....
Anderson State Bank	Oneida	4,000	4,000	4,000	4,000	4,000	4,000	.....	4,000	4,000	4,000	6,000
*First National Bank	Oneida	5,000	10,000	10,000	5,000	5,000	7,500	.....	7,500	5,000	.....	10,000
*Bank of Rio	Rio	.....	4,500	3,000	3,500	3,500	3,500	.....	.....	.....	20,500	3,000
Bank of St. Augustine	St. Augustine	.....	.....	.....	1,000	1,000	1,000	.....	1,000	.....	.....	.....
*State Bank of Victoria	Victoria	7,000	6,000	5,000	3,000	7,000	7,000	.....	6,000	8,000	11,000	5,500
Victoria Exchange Bank	Victoria	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bank of Wataga	Wataga	2,500	2,000	2,000	.....	.....	.....	.....	.....	.....	.....	.....
Wataga State Bank	Wataga	.....	.....	.....	1,000	.....	.....	1,000	.....	5,000	†15,000	15,500
*First State Bank Company	Williamsfield	5,000	5,000	7,000	.....	.....	15,000	.....	21,500	.....	5,000	.....
*Bank of Yates City	Yates City	5,500	5,000	7,000	5,000	5,500	5,500	.....	5,000	18,500	25,000	.....
Individual		.....	.....	.....	.....	.....	.....	.....	9,000	.....	.....	.....
Lake County— Director Sales, Theo. Durst, Waukegan. Assistant, J. M. Appel, Highland Park.												
Bank of Antioch	Antioch	.....	.....	.....	3,500	.....	.....	.....	.....	.....	.....	.....
State Bank of Antioch	Antioch	2,000	9,000	1,500	1,500	3,000	3,000	.....	.....	3,000	2,000	4,000
Citizens Bank	Area	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Merchants & Farmers Bank	Gray's Lake	.....	.....	.....	10,000	7,000	.....	.....	.....	.....	.....	.....
Highland Park State Bank	Highland Park	5,000	5,000	2,000	15,000	1,000	10,000	.....	1,000	1,000	10,000	25,000
Highland Park Tr. & Sav. Bk.	Highland Park	.....	.....	.....	.....	.....	.....	.....	5,000	5,000	5,000	.....
North Shore Trust Co	Highland Park	2,000	.....	.....	.....	.....	.....	.....	3,000	3,000	.....	.....
*First National Bank	Lake Forest	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	.....	10,000	10,000
Lake Forest Tr. & Sav. Bank	Lake Forest	1,000	1,000	1,000	1,000	1,000	1,000	.....	1,000	1,000	1,000	1,000
*State Bank of Lake Forest	Lake Forest	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	40,000	15,000	15,500
Lake Villa Tr. & Sav'gs Bank	Lake Villa	.....	1,000	.....	.....	.....	.....	.....	.....	.....	2,000	.....
State Bank of Lake Zurich	Lake Zurich	3,500	3,000	2,500	2,000	2,000	2,000	.....	2,000	2,000	2,000	7,500
*First National Bank	Libertyville	8,500	.....	10,000	10,000	10,000	10,000	.....	10,000	10,000	7,500	9,000
Lake County National Bank	Libertyville	15,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	.....	.....	.....
Lake County State Bank	North Chicago	.....	.....	5,000	.....	.....	.....	.....	.....	.....	.....	.....
First St. Bk. of Round Lake	Round Lake	2,000	.....	5,000	.....	.....	.....	.....	.....	5,000	5,000	.....
*Wauconda Tr. & Sav'gs Bank	Wauconda	.....	3,000	3,000	5,000	.....	.....	.....	5,000	.....	5,000	5,000
*First National Bank	Waukegan	36,000	31,000	46,000	39,000	36,000	36,500	.....	22,000	32,000	32,000	.....
Peoples Bank	Waukegan	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	20,000	20,000	.....
Security Savings Bank	Waukegan	25,000	25,000	25,000	15,000	25,000	10,000	.....	10,000	20,000	20,000	15,000
*Waukegan National Bank	Waukegan	40,000	40,000	40,000	25,000	28,000	25,000	.....	30,000	40,000	.....	60,000
First State Bank	Zion City	1,000	1,000	.....	.....	2,000	.....	.....	2,000	.....	.....	.....
Zion Bank	Zion City	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
LaSalle County— Director Sales, Wayne Hummer, LaSalle.												
*Bank of Dana	Dana	1,000	7,500	1,000	.....	.....	.....	.....	1,000	2,000	2,000	3,000
Earlville National Bank	Earlville	5,000	.....	.....	10,000	10,000	10,000	.....	.....	.....	10,000	.....
*First National Bank	Earlville	15,000	15,000	20,000	20,000	20,000	20,000	.....	26,000	21,000	20,000	20,000
*First National Bank	Grand Ridge	8,500	7,500	7,500	19,000	7,500	7,500	.....	7,500	.....	.....	6,500
*LaSalle National Bank	LaSalle	62,500	51,000	70,000	60,000	55,000	60,000	21,500	50,000	50,000	50,000	51,000
LaSalle Sav. Bk. & Tr. Co.	LaSalle	4,000	3,000	5,000	6,000	5,000	6,000	.....	7,000	10,000	8,000	15,000
*LaSalle State Bank	LaSalle	36,000	32,000	45,000	38,000	32,000	36,000	6,000	32,000	32,000	32,000	40,000

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
LaSalle County—Continued.											
Farmers & Mchts. State. Bk..Leland	.....	.....	.....	5,000	.....	.....	.....	.....	.....	5,000	20,000
First National Bank.....Leland	.....	.....	.....	10,000	10,000	10,000	.....	5,000	.....	26,000	.....
Moon's Bank .....Leonore	3,000	2,000	2,000	2,000	2,000	.....	.....	.....	.....	.....	18,000
*Farmers State Bank.....Lostant	10,000	10,000	25,000	25,000	10,000	20,000	.....	10,000	.....	15,000	20,000
First National Bank.....Marseilles	15,000	12,500	15,000	15,000	15,000	15,000	5,000	15,000	12,000	15,000	30,000
First National Bank.....Mendota	20,000	15,000	20,000	15,000	15,000	15,000	.....	15,000	20,000	25,000	25,000
Germania Bank .....Mendota	.....	.....	.....	3,000	.....	.....	.....	.....	.....	7,000	.....
*Mendota National Bank.....Mendota	25,000	20,000	25,000	20,000	20,000	20,000	.....	21,000	20,000	30,000	35,000
Oglesby State Bank.....Oglesby	.....	1,000	1,000	2,500	.....	.....	.....	.....	.....	12,000	.....
*First National Bank.....Ottawa	80,000	50,000	75,500	50,000	71,500	65,000	85,000	75,000	100,000	65,000	60,000
*National City Bank.....Ottawa	50,000	40,000	90,000	45,000	46,000	45,500	385,000	45,000	45,000	70,000	45,000
Ottawa Banking & Trust Co...Ottawa	10,000	10,000	.....	10,000	10,000	10,000	.....	.....	25,000	25,000	.....
*Peoples Trust & Sav. Bank...Ottawa	2,500	2,000	1,000	1,000	1,000	1,000	.....	.....	.....	2,500	5,000
*Peru National Bank.....Peru	25,000	25,000	25,000	25,000	25,000	25,000	4,000	25,000	25,000	.....	20,000
*Peru State Bank.....Peru	25,000	75,000	25,000	25,000	27,000	25,000	55,000	20,000	20,000	50,000	.....
*First National Bank.....Ransom	10,000	10,000	5,000	10,000	3,000	3,000	.....	4,000	3,000	2,000	10,000
*Rutland State Bank.....Rutland	10,000	5,000	5,000	5,000	10,000	5,000	.....	5,000	5,000	.....	.....
Farmers Trust & Sav. Bank...Seneca	†2,000	.....	1,000	1,000	.....	6,000	.....	6,000	.....	.....	.....
State Bank of Seneca.....Seneca	10,000	.....	16,000	10,000	10,000	10,000	.....	10,000	.....	10,000	.....
Serena Union State Bank.....Serena	2,000	5,000	5,000	5,000	3,000	2,000	.....	2,500	2,000	3,000	.....
Farmers & Mchts. State Bank.Sheridan	1,000	1,000	2,000	3,000	2,000	.....	.....	2,000	2,000	2,000	8,000
*First National Bank.....Sheridan	3,000	3,000	4,000	3,500	3,500	3,000	.....	.....	.....	6,000	3,000
Peoples Trust &Sav'gs Bank..Streator	.....	.....	20,000	15,000	20,000	.....	.....	20,000	25,000	.....	10,000
*Streator National Bank.....Streator	28,000	25,000	28,000	25,000	25,000	25,000	26,000	20,000	20,000	27,000	20,000
*Union National Bank.....Streator	50,000	50,000	60,000	50,000	55,000	55,000	.....	50,000	55,000	75,000	50,000
*Tonica State Bank.....Tonica	1,000	3,000	4,000	5,000	4,000	5,000	.....	5,000	.....	5,000	.....
*First National Bank.....Triumph	5,000	4,500	6,500	5,000	5,000	5,000	.....	4,500	.....	8,500	5,000
Farmers Bank .....Troy Grove	2,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Utica State Bank.....Utica	30,000	14,500	20,000	10,000	10,000	30,000	500	10,000	.....	25,000	10,000
Lee County—											
Director Sales, A. P. Armington, Dixon.											
Assistant, F. N. Vaughan, Amboy.											
*Amboy State Bank.....Amboy	2,500	4,000	5,000	4,000	.....	4,000	.....	5,000	4,000	6,500	4,000
*First National Bank.....Amboy	25,000	25,000	35,000	25,000	30,000	30,000	.....	25,000	25,000	25,000	25,000
*Ashton Bank .....Ashton	12,000	20,500	15,000	15,000	10,000	12,500	.....	12,000	10,000	15,000	12,000
Farmers State Bank.....Ashton	3,000	3,000	2,000	3,000	3,000	3,000	.....	1,000	3,000	3,000	3,000
*First National Bank.....Compton	10,000	10,000	.....	5,000	.....	.....	.....	.....	5,000	10,000	15,000
*City National Bank.....Dixon	39,000	50,000	25,000	35,500	21,000	11,000	.....	22,000	39,500	17,500	34,500
*Dixon National Bank.....Dixon	29,000	31,000	40,000	32,000	52,500	46,000	.....	33,000	60,000	14,500	50,000
*Union State Bank.....Dixon	5,000	12,000	15,000	.....	12,000	12,000	5,500	10,500	23,000	10,500	10,500
*Franklin Grove Bank.....Franklin Grove.	6,000	5,500	9,000	7,500	7,500	8,000	.....	8,000	8,000	10,000	43,000
*Harmon Bank .....Harmon	2,000	1,500	2,500	2,000	2,000	.....	.....	5,500	.....	3,000	7,000
Lee State Bank.....Lee	.....	.....	.....	10,000	5,000	.....	.....	.....	5,000	10,000	.....
*First National Bank.....Steward	5,500	4,500	5,500	5,500	5,500	5,500	.....	5,500	5,500	7,000	7,000
*State Bank of Paw Paw.....Paw Paw	10,000	9,500	12,000	10,000	12,000	12,000	.....	9,500	16,000	10,000	9,000
Sublette Exchange Bank.....Sublette	3,000	.....	2,000	.....	5,000	.....	.....	5,000	5,000	.....	.....
*Henry F. Gehant Banking Co.West Brooklyn	5,000	4,000	5,000	5,000	3,000	3,000	.....	10,000	5,000	5,000	10,000
Individual Subscriptions .....Dixon	.....	150,000	.....	.....	.....	.....	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Livingston County—											
Director Sales, W. J. Butler, Pontiac.											
Assistant, J. P. Lannon, Saunemin.											
*Bank of Campus.....Campus	2,000	1,500	.....	1,000	1,000	1,000	.....	1,000	.....	5,000	.....
Citizens Bank .....Campus	.....	.....	.....	1,000	.....	.....	.....	2,000	.....	.....	.....
Farmers & Miners Bank.....Cardiff	2,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Citizens Bank .....Chatsworth	8,000	5,000	5,000	5,000	8,000	5,000	.....	5,000	7,000	5,000	10,000
*Commercial National Bank...Chatsworth	15,000	10,000	10,000	15,000	20,000	12,000	1,500	.....	20,000	25,000	15,000
*Farmers State Savings Bank..Cornell	5,000	.....	.....	15,000	.....	12,000	.....	.....	.....	10,000	4,000
Farmers State Bank.....Cullom	1,000	.....	1,000	.....	.....	.....	.....	.....	.....	.....	1,000
First National Bank.....Cullom	20,000	.....	.....	.....	.....	.....	.....	.....	.....	27,000	.....
Bank of Dwight.....Dwight	6,000	.....	12,000	12,000	12,000	.....	.....	.....	.....	.....	.....
First National Bank.....Dwight	10,000	.....	.....	5,000	40,000	10,000	5,000	10,000	.....	.....	35,000
*Taylor State Bank.....Emington	15,000	15,000	6,000	20,000	5,000	.....	20,000	.....	.....	10,000	.....
Bank of A. B. Claudon.....Fairbury	.....	.....	.....	.....	.....	1,500	1,000	10,000	.....	30,000	.....
Fairbury Bank .....Fairbury	40,500	25,000	25,000	12,500	25,000	.....	5,500	.....	3,500	25,000	.....
Farmers & Mchts. State Bank.Fairbury	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
G. Y. McDowell & Co.....Fairbury	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Walton Banking Co.....Fairbury	.....	.....	10,000	20,500	32,000	.....	.....	.....	500	.....	.....
Farmers State Bank.....Flanagan	.....	10,000	.....	.....	10,000	.....	15,000	.....	.....	20,000	10,000
*Flanagan State Bank.....Flanagan	5,000	.....	10,000	5,000	5,000	.....	.....	10,000	4,000	.....	10,000
*Farmers & Mchts. State Bank.Forest	.....	3,500	2,500	2,000	.....	.....	.....	.....	5,000	3,000	2,000
*First State Bank.....Forest	2,000	3,000	.....	10,000	10,000	6,000	.....	3,000	5,000	12,000	10,000
*Bank of Graymont.....Graymont	.....	5,000	.....	10,000	15,000	.....	.....	.....	.....	.....	.....
*State Bank of Longpoint.....Longpoint	5,000	4,000	4,000	5,000	3,500	3,000	.....	.....	6,000	7,000	5,000
Farmers National Bank.....Odell	2,000	2,000	2,000	4,000	5,000	5,000	.....	.....	.....	.....	.....
*State Bank of Odell.....Odell	10,000	.....	10,000	20,000	20,000	20,000	10,000	10,000	20,000	.....	20,000
*Illinois State Sav. Bank.....Pontiac	11,000	10,000	10,000	10,000	14,000	62,500	500	10,000	54,000	.....	25,000
*Livingston Co. National Bank.Pontiac	10,000	1,000	15,000	30,000	15,000	15,000	.....	15,000	15,000	2,500	1,000
*National Bank of Pontiac....Pontiac	10,000	25,000	15,000	50,000	25,000	25,000	.....	.....	7,000	.....	4,000
*Pontiac Loan & Trust Co.....Pontiac	.....	5,000	5,000	.....	15,000	.....	.....	.....	5,000	.....	4,000
*Pontiac State Bank.....Pontiac	10,000	15,000	15,000	20,000	20,000	25,000	12,000	20,000	30,000	35,000	20,000
*State Bank of Saunemin.....Saunemin	15,000	.....	10,000	5,000	10,000	10,000	.....	.....	10,000	5,000	5,000
Farmers National Bank.....Strawn	.....	.....	.....	2,000	2,000	2,000	.....	.....	2,000	5,000	5,000
Farmers Wing Bank.....Wing	.....	.....	.....	.....	.....	.....	.....	.....	.....	5,000	12,000
Logan County——											
Director Sales, P. E. Kuhl, Lincoln.											
Assistant, Robert Atchison, Mt. Pulaski.											
*Atlanta National Bank.....Atlanta	8,000	7,000	9,500	7,500	7,500	7,000	.....	6,500	6,000	10,000	8,000
*Peoples Bank .....Atlanta	20,000	10,000	15,000	15,000	19,000	15,000	15,000	.....	.....	.....	20,000
First National Bank.....Beason	3,000	3,000	3,000	3,000	3,000	.....	.....	.....	.....	3,000	10,000
Peoples Bank .....Beason	2,500	.....	5,000	5,000	2,500	.....	.....	.....	.....	.....	.....
*Bank of Chestnut.....Chestnut	10,000	15,000	.....	25,000	1,000	1,500	1,000	4,000	.....	.....	.....
Elkhart Bank .....Elkhart	.....	.....	.....	25,000	11,500	5,000	.....	15,000	.....	.....	.....
*Farmers State Bank.....Emden	10,000	10,000	10,000	20,000	10,000	10,000	.....	.....	.....	.....	10,000
*Hartsburg State Bank.....Hartsburg	10,000	15,000	.....	10,000	20,000	.....	.....	.....	.....	16,000	.....
*State Bank of Latham.....Latham	10,000	10,000	5,000	13,000	16,500	10,000	.....	10,000	.....	10,000	5,000
*American National Bank.....Lincoln	40,000	40,000	50,000	45,000	40,000	40,000	.....	30,000	30,000	35,000	40,000
First National Bank.....Lincoln	25,000	20,000	25,000	25,000	27,000	20,000	35,000	.....	.....	.....	.....
*Lincoln National Bank.....Lincoln	55,500	50,000	50,000	57,000	55,000	55,500	30,000	50,000	90,000	50,000	50,000
Lincoln State Bank.....Lincoln	12,000	8,000	8,000	8,000	16,000	8,000	.....	8,000	8,000	20,000	60,000
*Farmers State Bank.....Middletown	10,000	8,000	10,000	8,000	8,000	8,000	.....	8,000	.....	8,000	8,000

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	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Logan County—Continued.												
Marbold State Bank	Middletown	12,000	1,000	1,000	.....	.....	.....	.....	.....	.....	.....	.....
*Farmers Bank	Mt. Pulaski	37,000	42,500	40,000	40,000	40,000	40,000	10,000	40,000	25,000	11,000	20,000
*First National Bank	Mt. Pulaski	20,000	50,000	20,000	20,000	20,000	20,000	58,000	.....	.....	18,000	20,000
*New Holland State Bank	New Holland	10,000	10,000	10,000	15,000	10,000	5,000	.....	.....	.....	10,000	5,000
Macon County— Director Sales, O. B. Gorin, Decatur. Assistant, W. R. McGaughey, Mt. Zion.												
*Gerber State Bank	Argenta	10,000	10,000	5,000	45,000	20,000	10,000	.....	.....	12,000	12,000	.....
First National Bank	Blue Mound	.....	.....	1,000	4,000	.....	.....	.....	.....	.....	.....	.....
State Bank of Blue Mound	Blue Mound	5,000	.....	.....	.....	15,000	10,000	25,000	.....	.....	10,000	5,000
Burtschi & Co., Bankers	Decatur	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Citizens National Bank	Decatur	50,000	50,000	50,000	56,000	60,000	50,000	174,500	40,000	40,000	50,000	.....
Farmers & State Bk. & Tr. Co.	Decatur	10,500	10,500	23,000	20,000	.....	5,000	.....	5,000	5,000	6,500	5,000
*Millikin National Bank	Decatur	219,000	234,000	200,000	211,000	164,500	193,000	262,000	157,000	185,500	125,500	134,000
*National Bank of Decatur	Decatur	50,000	.....	120,000	.....	70,000	70,000	241,000	70,000	100,000	70,000	70,000
Farmers State Bank	Macon	5,000	.....	.....	.....	.....	.....	4,000	.....	5,000	.....	.....
R. H. Woodcock & Co.	Macon	5,000	.....	.....	5,000	5,000	5,000	.....	5,000	.....	.....	.....
*Citizens Bank	Maroa	12,500	.....	8,000	12,000	20,000	.....	.....	.....	15,000	25,000	.....
Crocker & Co.	Maroa	5,000	.....	5,000	15,000	10,000	10,000	.....	10,000	5,000	.....	.....
*Mount Zion State Bank	Mount Zion	5,000	5,000	6,000	5,000	5,000	5,000	2,000	4,000	.....	5,000	4,000
*State Bank of Niantic	Niantic	10,000	10,000	16,000	.....	15,000	15,000	120,500	9,000	19,000	10,000	.....
*State Bank of Warrensburg	Warrensburg	10,000	7,500	5,500	10,000	5,000	5,000	.....	4,000	.....	5,000	5,000
Marshall County— Director Sales, T. M. Hancock, Lacon.												
Camp Grove Exch. Bank	Camp Grove	10,000	.....	.....	.....	.....	.....	.....	5,000	.....	5,000	.....
First National Bank	Henry	10,000	7,000	10,000	10,000	10,000	10,000	.....	30,000	10,000	10,000	.....
Henry National Bank	Henry	.....	.....	10,000	15,000	10,000	15,000	.....	.....	10,000	10,000	.....
First National Bank	Lacon	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	.....	.....
*Lacon State Bank	Lacon	5,000	5,000	5,000	5,000	6,000	5,000	1,000	.....	.....	5,000	3,000
LaRose National Bank	LaRose	3,000	.....	.....	.....	3,000	3,000	.....	.....	.....	3,000	5,000
Sparland Bank	Sparland	5,000	5,000	3,000	5,000	5,000	3,000	.....	3,000	3,000	5,000	5,000
Toluca State Bank	Toluca	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Marshall County State Bank	Varna	5,000	5,000	5,000	10,000	6,000	10,000	1,000	5,000	5,000	10,000	5,000
Farmers State Bank	Wenona	5,000	4,000	6,000	5,000	5,000	.....	.....	.....	5,000	5,000	.....
*First State Bank	Wenona	10,000	10,000	10,000	.....	20,000	15,000	5,000	10,000	20,000	.....	10,000
Mason County— Director Sales, O. D. Covington, Havana.												
Bank of Bath	Bath	.....	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Bank of Easton	Easton	2,500	2,500	.....	.....	.....	.....	.....	.....	.....	.....	.....
McFadden Corn Exch. Bank	Easton	5,000	5,000	5,000	7,500	7,500	5,000	.....	.....	.....	5,000	2,500
*Forest City State Bank	Forest City	.....	6,000	.....	10,000	.....	10,000	.....	.....	500	21,000	10,000
*Havana National Bank	Havana	40,000	35,000	25,000	50,000	30,000	30,000	.....	30,000	25,000	70,000	25,000
Mason County Bank	Havana	12,000	10,500	15,000	15,000	12,000	10,000	.....	10,500	10,000	10,500	10,500
Bank of Kilbourne	Kilbourne	2,000	2,000	.....	4,000	2,000	2,000	.....	.....	.....	.....	.....
Peoples State Bank	Manito	18,000	7,500	10,000	25,000	10,000	5,000	.....	5,000	.....	.....	11,000
Central Illinois State Bank	Mason City	5,000	7,000	5,000	10,000	5,000	8,500	.....	.....	.....	.....	.....
New Farmers State Bank	Mason City	40,000	.....	30,000	40,000	.....	20,000	.....	.....	.....	.....	.....
San Jose State Bank	San Jose	10,000	6,000	4,000	10,000	10,000	10,000	.....	5,000	.....	5,000	10,000
Individual		.....	.....	.....	.....	.....	.....	.....	.....	.....	4,000	.....

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
McDonough County—											
Director Sales, J. W. Bailey, Macomb.											
Assistant, B. C. Roach, Bushnell.											
*Farmers Bank ..... Adair	5,000	5,000	5,000	5,000	5,000	5,000	.....	2,000	16,500	5,000	3,000
*Bank of Bardolph..... Bardolph	3,000	3,000	2,000	2,000	2,000	1,000	.....	2,500	13,000	4,000	13,000
*First National Bank..... Blandinsville ...	4,500	4,500	4,500	10,500	4,500	4,500	.....	18,500	6,000	2,500	2,500
*Huston Banking Co..... Blandinsville ...	25,000	20,000	19,000	16,000	16,000	16,000	2,000	14,000	15,000	20,000	35,000
*Bank of Bushnell..... Bushnell	15,000	7,500	12,500	10,000	15,000	10,000	.....	10,000	10,000	5,000	3,000
*Farmers & Mchts. State Bk... Bushnell	20,000	10,000	6,500	5,000	5,000	5,000	.....	16,000	7,000	20,000	5,000
*First National Bank..... Bushnell	15,000	15,000	6,000	10,000	15,000	15,000	.....	9,500	8,500	10,000	8,500
*National Bank of Colchester. Colchester	20,000	10,000	7,500	7,500	5,000	1,000	.....	2,000	1,000	10,000	40,000
*Peoples State Bank..... Colchester	10,000	2,000	2,000	2,000	2,000	500	.....	500	500	500	10,000
*Good Hope State Bank..... Good Hope.....	7,000	10,000	20,000	20,000	5,000	5,000	2,000	1,000	45,000	1,000	1,000
*State Bank of Industry..... Industry	10,000	4,000	4,000	5,000	7,500	7,000	.....	5,000	15,000	1,000	15,000
*Citizens Bank ..... Macomb	5,000	8,500	10,000	8,500	11,500	13,000	.....	5,000	36,500	15,000	20,000
*First Trust & Sav'gs Bank.... Macomb	2,000	3,000	3,000	1,000	2,000	5,000	.....	4,000	4,000	5,000	4,000
*Macomb National Bank..... Macomb	20,000	20,000	20,000	60,000	20,000	21,000	.....	15,000	45,000	10,000	10,000
*Union National Bank..... Macomb	20,000	26,500	25,000	30,000	30,000	30,000	6,000	25,000	25,000	5,000	20,000
*Bank of Prairie City..... Prairie City....	5,000	7,000	3,500	5,000	5,000	3,000	.....	1,000	5,000	4,000	1,000
State Bank of Sciota..... Sciota	6,500	4,000	6,500	7,000	7,500	3,500	.....	3,000	3,000	1,000	2,000
*Tennessee Bank ..... Tennessee	1,000	500	1,000	1,000	1,000	1,000	.....	1,000	500	.....	500
Individual Subscriptions ..... Macomb	.....	.....	.....	.....	.....	.....	24,000	.....	.....	.....	.....
McHenry County—											
Director Sales, B. C. Getzleman, Algonquin.											
Assistant, H. D. Crumb, Harvard.											
*Algonquin State Bank..... Algonquin	4,000	2,000	2,000	2,000	2,000	2,000	.....	2,000	8,000	20,000	.....
Cary State Bank..... Cary Station....	2,000	2,000	2,000	.....	.....	.....	.....	2,000	2,000	3,000	3,000
Home State Bank..... Crystal Lake...	.....	3,000	3,000	2,500	2,000	.....	.....	.....	3,000	.....	.....
United State Bank..... Crystal Lake...	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First State Bank..... Harvard	.....	20,000	.....	30,000	25,000	.....	.....	.....	.....	25,000	.....
*Harvard Bank ..... Harvard	5,000	5,000	5,000	5,000	10,000	5,000	10,500	15,000	15,000	20,000	10,000
Bank of Hebron..... Hebron	5,000	5,000	5,000	5,000	5,000	10,000	.....	5,000	10,000	5,000	10,000
*State Bank of Huntley..... Huntley	10,000	8,000	10,000	10,000	8,000	8,000	.....	8,000	8,000	10,000	10,000
Dairymens State Bank..... Marengo.	10,000	.....	.....	.....	10,000	10,000	.....	10,000	10,000	30,000	7,000
First National Bank..... Marengo	.....	.....	.....	.....	.....	11,500	.....	13,500	15,000	.....	.....
Hoy Banking Co..... McHenry	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Bank of Richmond..... Richmond	.....	5,000	5,000	10,000	5,000	5,000	.....	5,000	20,000	15,000	5,000
Bank of Ringwood..... Ringwood	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Spring Grove Bank..... Spring Grove...	*500	500	.....	.....	.....	.....	.....	1,000	.....	.....	.....
*State Bank of Union..... Union	5,000	4,000	6,000	.....	5,000	5,000	5,000	5,000	5,000	5,000	6,000
West McHenry State Bank... West McHenry..	10,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....
*American National Bank..... Woodstock	10,000	15,000	.....	10,000	15,000	10,000	.....	15,000	20,000	25,000	25,000
Farmers Exch. State Bank... Woodstock	15,000	15,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
McHenry Co. State Bank..... Woodstock	.....	.....	.....	5,000	.....	.....	.....	.....	.....	25,000	.....
*State Bank of Woodstock.... Woodstock	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	8,000
McLean County—											
Director Sales, W. L. Moore, Bloomington.											
Assistant, D. G. Fitzgerald, Normal.											
Anchor Bank ..... Anchor	2,000	.....	3,000	.....	3,000	3,000	.....	.....	.....	5,000	.....
Arrowsmith Bank ..... Arrowsmith	.....	3,000	.....	10,000	.....	.....	.....	.....	.....	.....	5,000
McClure & Jacobs..... Arrowsmith	1,000	.....	5,000	.....	4,000	.....	.....	.....	.....	.....	.....

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McLean County—Continued.												
Exchange Bank	Bellflower	.....	.....	.....	2,500	.....	.....	2,000	.....	.....	.....	.....
*Gooch Bros. & Co	Bellflower	2,000	2,000	2,000	2,000	2,000	2,000	.....	.....	.....	.....	2,000
*Corn Belt Bank	Bloomington	100,000	.....	100,000	.....	115,000	100,000	.....	.....	.....	.....	.....
First National Bank	Bloomington	40,000	40,000	45,000	42,500	44,000	43,500	10,000	40,000	52,000	40,000	40,000
*American State Bank	Bloomington	50,000	50,000	.....	.....	100,000	50,000	100,000	.....	50,000	100,000	.....
Illinois Savings & Tr. Co	Bloomington	.....	....	.....	.....	.....	4,000	.....	.....	.....	.....	.....
McLean County Bank	Bloomington	.....	.....	.....	24,500	.....	.....	.....	.....	.....	50,000	.....
*Peoples Bank	Bloomington	50,000	100,000	100,000	50,000	100,000	127,000	46,000	100,000	90,000	50,000	50,000
State Bank	Bloomington	15,000	35,000	65,000	35,000	35,000	.....	.....	15,000	20,000	60,000	.....
Farmers State Bank	Carlock	.....	5,000	.....	.....	5,000	.....	.....	.....	.....	.....	.....
Farmers Bank	Chenoa	10,000	.....	10,000	.....	10,000	10,000	.....	.....	.....	.....	.....
*State Bank of Chenoa	Chenoa	.....	10,000	.....	25,000	20,000	50,000	10,000	.....	11,000	.....	.....
J. W. Arnold & Co	Colfax	.....	.....	.....	5,000	.....	.....	5,000	.....	.....	2,000	.....
Colfax Bank	Colfax	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank	Colfax	2,500	1,000	1,500	1,500	2,500	1,500	.....	2,000	3,000	3,000	3,000
*State Bank of Cooksville	Cooksville	20,000	10,000	10,000	5,000	.....	.....	5,000	.....	.....	10,000	.....
H. L. Barnes Bank	Cropsey	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank	Danvers	5,000	5,000	5,000	20,000	.....	.....	5,000	.....	.....	.....	.....
First National Bank	Danvers	21,000	20,000	20,000	10,000	.....	.....	.....	.....	.....	.....	.....
Farmers Bank	Downs	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Bank of Ellsworth	Ellsworth	.....	5,000	.....	12,000	.....	.....	6,000	500	9,500	2,500	.....
*First National Bank	Gridley	5,000	18,000	5,000	.....	5,000	7,500	.....	10,000	6,000	15,000	15,000
*State Bank of Gridley	Gridley	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....
Farmers State Bank	Heyworth	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Heyworth State Bank	Heyworth	.....	.....	.....	.....	.....	.....	.....	.....	25,000	.....	.....
*Bank of Holder	Holder	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....
*Hudson State Bank	Hudson	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	5,000	.....
*First National Bank	Le Roy	15,000	27,500	10,000	10,000	10,000	.....	20,000	.....	.....	5,500	.....
J. Keenan's Bank	Le Roy	13,000	12,000	7,500	25,000	10,000	1,000	.....	.....	.....	5,000	.....
Peoples Bank	Lexington	.....	10,000	10,000	10,000	20,000	.....	.....	.....	.....	.....	.....
State Bank of Lexington	Lexington	3,000	10,000	10,000	10,000	10,000	10,000	1,000	.....	.....	.....	.....
McLean State Bank	McLean	8,500	9,000	10,000	20,000	.....	.....	8,000	.....	5,000	.....	.....
Bank of Meadows	Meadows	2,000	.....	.....	.....	5,000	.....	.....	.....	.....	.....	.....
*First National Bank	Normal	30,000	5,000	5,000	10,000	10,500	10,000	.....	10,000	10,000	10,000	10,000
Normal State Bank	Normal	5,500	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....
Citizens Bank	Saybrook	.....	1,000	.....	.....	.....	.....	.....	.....	2,500	3,000	.....
Saybrook Bank	Saybrook	.....	.....	.....	5,000	5,000	5,000	.....	.....	.....	.....	.....
Saybrook State Bank	Saybrook	.....	.....	.....	3,000	500	500	.....	1,000	.....	.....	.....
*Stanford State Bank	Stanford	12,000	10,000	15,000	12,000	10,000	20,000	29,500	4,500	.....	10,000	25,000
Towanda State Bank	Towanda	2,000	1,000	1,000	.....	2,000	.....	2,000	.....	.....	.....	.....
Farmers & Mchts. Bank	Weston	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Individual Subscriptions	Lexington	.....	500	.....	.....	.....	.....	.....	.....	.....	.....	.....
Individual		.....	.....	.....	.....	.....	.....	.....	.....	2,000	4,000	.....
Menard County— Director Sales, Harry Schirding, Petersburg.												
*Athens State Bank	Athens	17,500	20,000	17,500	11,000	10,000	10,500	5,000	2,000	5,000	.....	10,000
First State Bank	Greenview	7,000	6,000	8,500	7,000	7,500	7,000	.....	5,000	4,000	2,000	.....
Marbold State Bank	Greenview	15,000	13,000	18,000	4,000	.....	5,000	.....	1,000	5,000	5,000	.....
First National Bank	Oakford	1,000	1,000	1,000	3,000	3,000	3,000	.....	2,000	1,000	.....	1,000
*First National Bank	Petersburg	20,000	20,000	25,000	35,000	20,000	10,000	.....	5,000	10,000	25,000	20,000
*Frankleton State Bank	Petersburg	16,000	16,000	20,000	36,000	16,000	16,000	.....	5,000	14,000	15,000	20,000
*Schirding State Bank	Petersburg	10,000	15,000	15,000	10,000	10,000	10,000	.....	5,000	10,000	20,000	12,500

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Menard County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Farmers & Mchts. St. Bank	Tallula	7,000	10,000	7,000	5,000	2,000	5,000	.....	5,000	1,000	1,000	.....
*The Tallula Bank	Tallula	30,000	20,000	5,000	10,000	10,000	5,000	.....	5,000	5,000	5,000	5,000
Individual		.....	.....	.....	.....	.....	.....	.....	.....	2,000	4,000	.....
Mercer County— Director Sales, A. G. Bridgford, Aledo.												
*Aledo State Bank	Aledo	10,000	15,000	10,000	5,000	20,000	20,000	.....	20,000	35,000	20,000	.....
*Farmers National Bank	Aledo	15,000	15,000	15,000	15,000	15,000	15,000	.....	15,000	85,000	51,000	.....
*First National Bank	Aledo	15,000	15,000	15,000	10,000	20,000	15,000	.....	15,000	25,000	25,000	.....
First Trust & Sav'gs Bank	Aledo	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mercer County Banking Assn.	Aledo	.....	.....	.....	.....	.....	.....	.....	25,000	15,000	.....	.....
Farmers Bank	Burgess	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....	.....	.....
*O. A. Bridgeford & Co.'s Farmers Bank	Joy	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	5,000	5,000	.....
*Joy Bank	Joy	6,000	10,000	10,000	20,000	10,000	10,000	.....	10,000	20,000	.....	.....
*Citizens State Bank	Keithsburg	6,000	5,000	7,500	6,000	10,000	5,000	.....	5,000	5,000	8,000	6,000
*Keithsburg Bank	Keithsburg	10,000	10,000	10,000	.....	10,000	.....	.....	.....	.....	5,000	.....
Farmers Bank	Matherville	3,000	2,000	.....	.....	3,000	5,000	.....	.....	.....	.....	.....
*Matherville Bank	Matherville	.....	.....	.....	2,000	5,000	7,000	.....	3,000	2,000	2,000	2,000
Peoples Bank	New Boston	.....	5,000	.....	5,000	.....	.....	.....	.....	.....	.....	.....
State Bank of New Boston	New Boston	.....	.....	.....	.....	.....	20,000	.....	.....	.....	.....	.....
Bank of New Windsor	New Windsor	.....	.....	10,000	.....	10,000	.....	.....	.....	.....	.....	.....
Farmers State Bank	New Windsor	.....	10,000	.....	.....	10,000	.....	.....	.....	.....	10,000	.....
Farmers Bank	North Henderson	.....	.....	.....	7,000	5,000	5,000	.....	.....	.....	.....	.....
Norwood Banking Co.	Norwood	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Preemption Bank	Preemption	.....	.....	.....	.....	.....	15,000	.....	.....	.....	5,000	.....
State Bank of Seaton	Seaton	20,000	.....	.....	.....	20,000	.....	.....	.....	.....	30,000	.....
Farmers Bank	Sherrard	.....	.....	10,000	.....	5,000	5,000	.....	.....	.....	5,000	.....
*Sherrard State Banking Co.	Sherrard	7,000	15,000	8,000	.....	.....	.....	.....	20,000	.....	10,000	.....
Farmers Bank	Viola	5,000	4,500	.....	.....	.....	5,000	.....	4,500	4,500	10,000	5,000
*Viola State Bank	Viola	6,000	6,000	6,000	6,000	6,000	.....	.....	.....	.....	.....	.....
Moultrie County— Director Sales, F. J. Thompson, Sullivan. Assistant, W. A. Steele, Sullivan.												
State Bank of Arthur	Arthur	.....	.....	.....	.....	.....	4,000	.....	.....	.....	.....	.....
First National Bank	Arthur	5,000	.....	5,000	5,000	5,000	5,000	.....	5,000	5,000	5,000	5,000
Peoples Bank	Allenville	500	1,000	1,000	1,000	1,000	2,000	.....	.....	1,000	.....	.....
*Scott State Bank	Bethany	12,000	13,000	15,000	15,000	15,000	12,000	.....	15,000	50,000	13,000	12,000
*Farmers Bank	Dalton City	2,000	2,000	2,500	.....	.....	.....	.....	.....	.....	.....	.....
Hight State Bank	Dalton City	.....	.....	.....	.....	.....	.....	.....	.....	.....	15,000	.....
*Farmers Bank	Gays	5,000	5,000	4,000	3,000	3,000	.....	.....	.....	6,000	5,000	5,000
Lake City Bank	Lake City	1,000	1,000	1,000	.....	.....	.....	.....	.....	.....	.....	.....
Hardware Bank	Lovington	5,000	5,000	5,000	5,000	7,000	9,500	.....	.....	6,000	.....	.....
*Shepherd National Bank	Lovington	.....	3,500	.....	4,000	5,000	2,500	.....	.....	.....	19,500	6,000
First National Bank	Sullivan	.....	.....	.....	.....	.....	.....	.....	.....	10,000	20,000	20,000
Merchts. & Farmers State Bk.	Sullivan	.....	.....	.....	.....	.....	.....	2,000	.....	15,000	10,000	.....
Ogle County— Director Sales, J. L. Rice, Mt. Morris. Assistant, Frank J. King, Kings.												
Byron Bank	Byron	.....	.....	.....	1,000	1,000	.....	.....	.....	1,000	10,000	10,000
*Farmers & Merchants Bank	Byron	5,000	2,000	8,000	5,000	2,000	8,000	.....	5,000	3,000	10,000	.....

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Ogle County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
*Chana Banking Co.	Chana	2,000	2,000	2,000	2,000	2,000	2,000	.....	2,000	4,000	5,000	2,000
*Farmers Bank of Creston	Creston	5,000	4,000	6,000	6,000	7,000	3,000	.....	4,000	4,000	5,000	4,000
Commercial State Bank	Forreston	3,000	2,000	2,500	2,500	2,500	2,500	.....	.....	3,500	7,000	5,000
Forreston State Bank	Forreston	8,000	5,000	8,000	8,000	10,000	10,000	.....	6,000	5,000	5,500	5,000
*Exchange Bank	Holcomb	8,000	6,000	8,000	8,000	22,000	20,000	.....	20,000	10,000	.....	.....
*Farmers Bank	Kings	4,000	4,000	5,000	5,000	5,000	5,000	.....	5,000	8,000	10,000	4,000
Leaf River State Bank	Leaf River	.....	.....	.....	.....	.....	.....	.....	.....	.....	25,000	.....
*Citizens State Bank	Mount Morris	8,000	4,000	8,000	5,000	3,000	6,000	.....	10,000	20,000	10,000	9,000
Monroe Center State Bank	Monroe Center	.....	5,000	9,000	7,500	.....	.....	.....	.....	.....	15,000	.....
*Ogle County State Bank	Oregon	15,000	10,000	.....	20,000	.....	20,000	.....	.....	20,000	40,000	15,000
Oregon State Savings Bank	Oregon	.....	.....	5,000	.....	.....	5,000	.....	5,000	10,000	5,000	.....
Exchange National Bank	Polo	10,000	10,000	20,000	10,000	10,000	15,000	.....	15,000	*15,000	40,000	20,000
*Polo State Bank	Polo	5,000	5,000	.....	10,000	5,000	10,000	.....	5,000	10,000	15,000	5,000
Peoples Loan & Trust Co	Rochelle	.....	15,000	.....	10,000	.....	.....	.....	.....	.....	15,000	.....
*Rochelle National Bank	Rochelle	10,000	5,000	10,000	5,000	10,000	5,000	.....	.....	20,000	5,000	7,000
*Rochelle Trust & Sav'gs Bank	Rochelle	15,000	15,000	15,000	15,000	55,000	.....	.....	15,000	14,000	10,000	15,000
*Stillman Valley Bank	Stillman Valley	8,000	8,000	10,000	8,000	24,000	8,000	.....	7,000	.....	7,000	5,000
Individual		.....	.....	.....	.....	2,000	.....	.....	.....	.....	.....	.....
Peoria County— Director Sales, J. C. Paddock, Peoria. Assistant, Jacob Wachenheimer, Peoria.												
Farmers & Mechanics St. Bk.	Averyville	4,000	3,000	5,000	.....	4,000	.....	.....	5,000	4,000	3,000	6,000
*Exchange State Bank	Brimfield	.....	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	5,000
*First National Bank	Chillicothe	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	5,000	5,000	5,000
Truitt, Matthews & Co	Chillicothe	10,000	.....	.....	.....	15,000	15,000	20,000	.....	15,000	.....	.....
*Dunlap Bank	Dunlap	10,000	.....	.....	.....	10,000	.....	.....	.....	.....	.....	.....
*Clinch, Schench & Lott	Elmwood	8,000	8,000	8,000	8,000	8,000	10,000	.....	.....	.....	10,000	.....
First State & Savings Bank	Elmwood	4,000	10,000	.....	10,000	10,000	.....	.....	.....	.....	.....	.....
*Farmers State Bank	Glasford	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Hanna City State Bank	Hanna City	5,000	4,000	5,000	5,000	5,000	2,000	.....	8,500	.....	5,000	.....
Bank of Laura	Laura	.....	10,000	3,000	.....	.....	10,000	.....	10,000	.....	.....	.....
Auten & Auten Bankers	Monica	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Central National Bank	Peoria	90,000	90,000	90,000	90,000	90,000	90,000	125,000	90,000	90,000	90,000	90,000
*Commercial National Bank	Peoria	422,000	442,000	426,000	50,000	70,000	257,000	224,000	180,000	22,000	200,000	104,500
*Dime Sav'ngs & Trust Co	Peoria	150,000	.....	.....	150,000	.....	.....	5,000	.....	200,000	50,000	150,000
*First National Bank	Peoria	560,000	450,000	500,000	50,000	100,000	115,000	1,485,000	.....	.....	412,000	.....
*First Trust & Sav'gs Bank	Peoria	35,000	25,000	25,000	50,000	230,000	15,000	165,000	43,000	50,000	115,000	.....
*Home Savings & State Bank	Peoria	50,000	62,000	65,000	50,000	60,000	60,000	15,000	50,000	50,000	150,000	25,000
*Merchants & Ill. Nat'l Bank	Peoria	103,500	55,000	92,500	104,000	140,000	100,000	130,000	282,000	100,000	177,500	56,500
State Trust & Savings Bank	Peoria	20,000	15,000	27,000	27,500	27,500	15,000	10,000	10,000	10,000	16,000	10,000
*Auten & Auten	Princeville	.....	.....	500	.....	.....	25,000	.....	.....	.....	.....	.....
Farmers State Bank	Princeville	500	.....	.....	.....	.....	.....	500	.....	.....	.....	.....
Bank of Trivoli	Trivoli	2,500	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Piatt County— Director Sales, Wm. Dighton, Monticello. Assistant, R. M. Fleming, Bement.												
First National Bank	Atwood	10,000	10,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Bement	25,000	11,000	2,000	.....	.....	.....	37,000	.....	26,000	27,000	25,000
*State Bank of Bement	Bement	10,000	10,000	12,000	10,000	10,000	5,000	10,000	.....	.....	22,000	8,000
Citizens Bank	Cerro Gordo	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*State Bank of Cerro Gordo	Cerro Gordo	15,000	15,000	15,000	15,000	10,000	5,000	2,000	.....	.....	.....	10,000

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Piatt County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Croninger State Bank	Cisco	.....	.....	5,000	20,000	10,000	.....	.....	.....	.....	.....	.....
First National Bank	Deland	10,000	10,000	5,000	.....	.....	5,000	.....	.....	.....	.....	.....
*State Bank of Deland	Deland	.....	.....	.....	21,500	45,000	20,500	.....	500	.....	.....	.....
State Bank of Hammond	Hammond	.....	.....	.....	10,000	.....	.....	.....	.....	.....	.....	.....
State Bank of La Place	La Place	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Peoples State Bank	Mansfield	1,000	5,000	1,000	2,000	5,000	.....	.....	.....	.....	.....	.....
State Bank of Mansfield	Mansfield	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Bank of Milmine	Milmine	3,000	2,500	3,500	3,000	3,000	6,000	.....	2,000	.....	2,000	.....
Farmers State Bank	Monticello	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Monticello	50,000	30,000	20,000	32,000	50,000	25,000	.....	25,000	15,000	.....	50,000
Moore State Bank	Monticello	14,000	36,000	25,000	.....	3,500	25,000	.....	.....	.....	.....	.....
Bank of Pierson	Pierson Station	.....	.....	.....	2,000	.....	.....	.....	.....	.....	.....	.....
S. L. Sievers & Co., Bankers	White Heath	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Putnam County— Director Sales, J. G. Pletsch, Granville.												
Granville State Bank	Granville	.....	.....	.....	3,000	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Granville	11,000	11,000	11,000	11,000	11,000	11,000	.....	11,000	11,000	11,000	11,000
Putnam County Bank	Hennepin	1,500	1,500	1,500	1,500	.....	1,500	.....	1,500	1,500	3,000	1,500
*First State Bank	Magnolia	.....	5,000	5,000	.....	5,000	5,000	.....	5,000	.....	12,500	5,000
Farmers Bank	McNabb	.....	.....	.....	3,000	.....	.....	.....	.....	.....	.....	.....
Rock Island County— Directors Sales, M. S. Heagy (Rock Island and Southern part) and O. F. Anderson (Moline and Northern part).												
*Buffalo Prairie Bank	Buffalo Prairie	.....	.....	10,000	.....	10,000	.....	.....	.....	10,000	.....	.....
Bank of Cordova	Cordova	500	.....	.....	.....	1,000	.....	.....	.....	.....	.....	.....
Manufacturers State Bank	East Moline	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of East Moline	East Moline	30,000	.....	20,000	.....	5,000	.....	20,000	.....	20,000	.....	.....
Farmers & Merchants Bank	Hillsdale	5,000	1,000	2,000	3,000	4,000	5,000	.....	6,000	7,000	16,000	6,000
Hillsdale Savings Bank	Hillsdale	1,000	.....	.....	.....	.....	.....	.....	.....	.....	5,000	2,000
Commercial Savings Bank	Moline	.....	10,000	.....	.....	10,000	.....	.....	.....	.....	.....	.....
Mechanics & Mer. Sav. Bank	Moline	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
Moline Trust & Sav'gs Bank	Moline	72,000	65,000	89,000	.....	.....	.....	5,000	.....	100,000	.....	.....
Peoples Sav. Bank & Tr. Co.	Moline	50,000	50,000	50,000	50,000	50,000	50,000	.....	50,000	.....	25,000	.....
State Savings Bank & Tr. Co.	Moline	80,000	72,000	106,000	.....	.....	.....	.....	.....	.....	.....	.....
Peoples Trust & Sav'gs Bank	Port Byron	1,000	.....	.....	.....	.....	.....	1,500	.....	.....	.....	.....
Port Byron State Bank	Port Byron	3,000	.....	5,000	10,000	30,000	10,000	2,000	5,000	5,000	50,000	.....
*Farmers State Bank	Reynolds	10,000	5,000	10,000	10,000	.....	.....	2,000	10,000	15,000	15,000	15,000
Reynolds Bank	Reynolds	10,000	10,000	20,000	.....	.....	.....	.....	.....	.....	10,000	.....
*American Tr. & Sav'gs Bank	Rock Island	30,000	.....	30,000	30,000	30,000	30,000	.....	40,000	50,000	35,000	25,000
Central Trust & Sav'gs Bank	Rock Island	25,000	52,000	100,000	75,000	75,000	75,000	102,000	100,000	50,000	50,000	25,000
*Peoples National Bank	Rock Island	25,000	.....	25,000	25,000	25,000	25,000	.....	35,000	50,000	30,000	25,000
Rock Island Savings Bank	Rock Island	75,000	50,000	100,000	100,000	120,000	75,000	10,000	25,000	50,000	25,000	25,000
State Bank of Rock Island	Rock Island	25,000	25,000	50,000	50,000	58,000	50,000	115,500	100,000	50,000	.....	.....
*Bank of Taylor Ridge	Taylor Ridge	5,000	.....	.....	10,000	.....	5,000	15,000	.....	5,000	5,000	5,000
Individual	Hillsdale	1,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sangamon County— Director Sales, Geo. E. Keys, Springfield. Assistant, Jas. A. Easley, Springfield.												
*Auburn State Bank	Auburn	10,000	10,000	10,000	10,000	10,000	10,000	80,000	10,000	20,000	13,000	.....
Farmers State Bank	Auburn	3,000	2,000	1,500	.....	.....	.....	.....	.....	.....	.....	.....

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Sangamon County—Continued.											
*Buffalo Bank ..... Buffalo	20,000	10,000	10,000	5,000	5,000	.....	.....	.....	.....	20,000	.....
*Farmers State Bank ..... Buffalo	4,000	3,500	.....	5,000	4,000	3,500	.....	2,000	.....	8,000	5,000
*Caldwell State Bank ..... Chatham	20,000	.....	10,000	10,000	.....	.....	.....	10,000	.....	.....	.....
Farmers State Bank ..... Divernon	5,000	.....	5,000	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank ..... Divernon	.....	7,000	5,000	5,000	.....	10,000	.....	10,000	.....	10,000	5,000
*Farmers State Bank ..... Illiopolis	20,000	25,000	10,000	15,000	10,000	10,000	20,000	10,000	11,000	10,000	5,000
Loami State Bank ..... Loami	30,000	10,000	.....	.....	2,500	.....	.....	1,000	.....	.....	.....
A. T. Thompson & Co ..... Mechanicsburg	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First State Bank ..... New Berlin	10,000	.....	5,000	.....	10,000	.....	15,000	.....	.....	1,000	.....
Warren-Boynton State Bank .. New Berlin	.....	.....	30,000	10,000	.....	.....	10,000	.....	.....	.....	.....
National Bank of Pawnee .... Pawnee	10,000	.....	.....	10,000	10,000	15,000	.....	25,000	.....	.....	.....
Pawnee State Bank ..... Pawnee	.....	.....	.....	2,000	.....	2,000	.....	.....	7,000	.....	.....
*Pleasant Plains State Bank ... Pleasant Plains	7,500	7,500	7,500	7,500	7,500	7,500	.....	.....	.....	.....	25,000
Bank of Riverton ..... Riverton	.....	.....	.....	6,000	.....	.....	.....	.....	.....	.....	.....
Rochester State Bank ..... Rochester	.....	.....	3,000	2,000	5,000	5,000	.....	.....	.....	.....	5,000
*First National Bank ..... Springfield	50,000	50,000	50,000	50,000	50,000	50,000	15,000	50,000	100,000	50,000	70,000
*First Trust & Savings Bank .. Springfield	25,000	25,000	25,000	25,000	25,000	20,000	11,000	.....	.....	50,000	40,000
Illinois National Bank ..... Springfield	50,000	30,000	150,000	25,000	50,000	35,000	40,000	80,000	50,000	.....	50,000
*Ridgely Farmers State Bank .. Springfield	76,000	.....	125,000	69,000	.....	285,000	190,000	150,000	100,000	155,000	100,000
Sangamon Loan & Trust Co .. Springfield	.....	100,000	50,000	160,000	100,000	100,000	.....	.....	100,000	.....	.....
*Springfield Marine Bank ..... Springfield	55,000	.....	50,000	57,000	100,000	50,000	5,500	.....	150,000	53,500	182,000
*State Bank of Springfield ..... Springfield	50,000	54,000	53,500	55,000	55,000	50,000	.....	100,000	50,000	25,000	100,000
Williamsville Bank ..... Williamsville	5,000	5,000	5,000	20,000	30,000	5,000	.....	10,000	5,000	5,000	100,000
Individual Subscriptions	4,000	.....	.....	.....	.....	.....	.....	10,000	5,000	5,000	.....
Schuyler County— Director Sales, John S. Little, Rushville. Assistant, Geo. Dyson, Rushville.											
Farmers & Traders Bank ..... Browning	2,000	3,000	5,000	5,000	5,000	.....	.....	6,000	.....	.....	.....
Peoples Bank ..... Camden	.....	500	.....	.....	.....	.....	.....	1,500	†1,000	2,000	.....
*Littleton State Bank ..... Littleton	2,000	2,500	2,000	†2,000	2,500	.....	.....	2,000	.....	12,000	.....
*Bank of Rushville ..... Rushville	40,000	10,000	17,000	19,000	22,500	20,000	20,000	15,000	16,000	18,000	26,000
*Rushville State Bank ..... Rushville	20,000	25,000	15,000	20,000	15,000	15,000	85,000	15,000	15,000	10,000	20,000
Shelby County— Director Sales, L. C. Westervelt, Shelbyville. Assistant, O. W. Walker, Shelbyville.											
First National Bank ..... Cowden	5,000	4,000	.....	5,000	.....	5,000	.....	.....	.....	.....	.....
State Bank of Cowden ..... Cowden	4,500	4,000	4,500	2,500	.....	.....	.....	.....	.....	.....	.....
Farmers State Bank ..... Findlay	.....	4,000	5,000	.....	.....	6,000	.....	.....	.....	.....	.....
First National Bank ..... Findlay	8,000	.....	.....	10,000	10,000	.....	.....	12,000	.....	.....	8,000
State Bank of Herrick ..... Herrick	4,500	4,000	5,500	5,500	3,500	.....	.....	.....	.....	.....	.....
Bank of Lakewood ..... Lakewood	1,500	1,000	.....	1,000	500	500	.....	500	500	1,000	.....
Ayers Bros. ..... Moweaqua	2,000	.....	.....	.....	.....	.....	20,000	.....	.....	.....	.....
First National Bank ..... Moweaqua	.....	.....	.....	15,000	15,000	15,000	10,000	15,000	.....	.....	23,500
State Bank of Oconee ..... Oconee	3,000	3,000	3,000	3,500	3,500	3,500	.....	3,000	.....	3,500	3,500
Citizens National Bank ..... Shelbyville	.....	.....	.....	.....	.....	5,000	.....	.....	.....	.....	.....
First National Bank ..... Shelbyville	10,000	15,000	15,000	20,000	15,000	.....	.....	.....	3,000	.....	.....
*Shelby Co. State Bank ..... Shelbyville	13,000	11,500	16,500	13,000	13,000	13,000	.....	11,500	11,500	11,500	13,500
Shelby Loan & Trust Co ..... Shelbyville	3,000	2,500	.....	5,000	.....	.....	.....	.....	.....	.....	10,000
Peoples Bank ..... Sigel	5,000	1,000	2,000	.....	3,000	3,000	.....	3,000	3,000	4,500	3,000
First National Bank ..... Stewardson	17,000	7,500	10,500	8,500	8,500	8,500	.....	.....	8,000	.....	.....
*Strasburg State Bank ..... Strasburg	17,500	5,500	7,500	.....	9,000	10,000	.....	8,000	.....	11,000	15,500

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Shelby County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Tower Hill Bank	Tower Hill	2,000	3,000	5,000	.....	.....	.....	.....	2,000	2,000	.....	.....
Farmers National Bank	Westervelt	3,000	3,000	4,000	5,000	5,000	3,000	.....	.....	5,000	.....	.....
Citizens State Bank	Windsor	4,000	3,500	5,500	4,000	4,000	4,000	.....	4,000	4,000	3,500	.....
Commercial State Bank	Windsor	11,000	9,500	11,000	9,000	11,000	11,000	.....	5,500	.....	20,000	.....
Stark County— Director Sales, A. J. Adams, Wyoming.												
Bradford Exchange Bank	Bradford	.....	10,000	.....	.....	.....	.....	.....	10,000	.....	.....	.....
Phenix Banking Co	Bradford	.....	.....	.....	20,000	.....	.....	.....	.....	.....	.....	.....
*LaFayette State Bank	LaFayette	.....	.....	.....	20,000	20,000	.....	.....	.....	2,500	.....	.....
*State Bank of Speer	Speer	5,000	10,000	10,000	5,000	.....	5,000	.....	5,000	5,000	5,000	.....
Bk. of Dewey, Burge & Gould	Toulon	.....	.....	10,000	.....	.....	.....	5,000	.....	.....	.....	.....
State Bank of Toulon	Toulon	15,000	.....	.....	.....	20,000	15,000	.....	.....	.....	.....	.....
*National Bank of Wyoming	Wyoming	.....	10,000	.....	15,000	25,000	30,000	.....	20,000	25,000	.....	.....
*Scott, Walters & Rakestraw	Wyoming	.....	.....	.....	40,000	40,000	20,000	.....	.....	.....	.....	45,000
Stephenson County— Director Sales, Addison Bidwell, Freeport. Assistant, Robert J. Stewart, Freeport.												
Dakota State Bank	Dakota	4,000	3,000	4,000	5,000	8,000	8,000	500	.....	10,000	2,000	.....
Farmers Bank	Davis	10,000	10,000	10,000	10,000	10,000	.....	.....	.....	10,000	.....	.....
*First National Bank	Freeport	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Freeport Trust & Savgs Bank	Freeport	2,000	.....	.....	.....	.....	.....	.....	.....	25,000	10,000	10,000
*Stephenson Co. Bank	Freeport	20,000	30,000	31,500	30,000	30,000	46,500	.....	30,000	30,000	30,000	30,000
Chas. D. Knowlton, Banker	Freeport	3,000	3,000	3,000	.....	3,000	.....	.....	3,000	3,000	3,000	.....
Second National Bank	Freeport	10,000	.....	.....	10,000	20,000	.....	.....	.....	.....	†30,000	.....
*State Bank of Freeport	Freeport	25,000	25,000	30,000	32,000	30,000	50,000	10,000	30,000	30,000	88,000	35,000
German-American State Bank	German Valley	500	.....	500	.....	.....	.....	.....	.....	.....	10,000	.....
*Citizens Bank	Lena	.....	5,500	.....	30,000	.....	15,000	.....	.....	6,000	30,000	.....
Lena Bank	Lena	10,000	10,000	10,000	.....	.....	20,000	.....	.....	.....	5,000	.....
McConnell Bank	McConnell	.....	.....	.....	.....	5,000	.....	.....	.....	.....	.....	.....
Orangeville State Bank	Orangeville	2,000	3,000	3,000	.....	.....	.....	.....	.....	.....	2,000	.....
Peoples State Bank	Orangeville	2,000	1,500	1,500	1,000	.....	.....	.....	.....	.....	.....	.....
Pearl City Bank Co	Pearl City	15,000	.....	5,000	.....	.....	.....	.....	.....	.....	20,000	.....
Rock City State Bank	Rock City	5,000	10,000	1,000	10,000	10,000	10,000	.....	.....	.....	10,000	5,000
State Bank of Winslow	Winslow	7,500	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Individual Subscriptions	Freeport	.....	50,000	.....	.....	.....	.....	130,000	.....	.....	.....	.....
Tazewell County— Director Sales, B. P. Schenck, Pekin. Assistant, J. W. Crabb, Delavan.												
Farmers State Bank	Armington	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
E. F. Verry	Armington	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....
*Deer Creek Bank	Deer Creek	9,000	.....	.....	1,000	1,000	.....	.....	.....	.....	5,000	10,000
*Baldwin Bank	Delavan	10,000	10,000	10,000	20,000	10,000	10,000	.....	5,000	1,000	9,000	.....
*Tazewell County Nat'l Bank	Delavan	16,000	40,000	5,000	20,000	22,000	10,000	.....	10,000	5,000	10,000	.....
*First National Bank	East Peoria	10,000	5,000	10,000	5,000	10,000	10,000	.....	10,000	10,000	10,000	5,000
*Green Valley Bank	Green Valley	5,000	5,000	10,000	10,000	5,000	10,000	.....	5,000	.....	10,000	11,000
*Hopedale National Bank	Hopedale	10,000	20,000	10,000	10,000	10,000	.....	.....	.....	10,000	40,000	.....
*First National Bank	Mackinaw	13,000	5,000	5,000	12,000	.....	.....	.....	.....	.....	.....	.....
Mackinaw State Bank	Mackinaw	6,000	5,000	.....	14,000	.....	.....	.....	.....	.....	13,000	5,000
Farmers State Bank	Minier	5,000	.....	.....	5,000	.....	.....	.....	.....	.....	23,000	.....
Minier State Bank	Minier	5,000	15,000	15,000	.....	.....	.....	5,000	.....	.....	20,000	.....
											500	.....

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Tazewell County—Continued.											
*Morton State Bank.....Morton	10,000	25,500	.....	16,000	.....	.....	10,000	.....	10,000	15,000	10,000
*Farmers National Bank.....Pekin	55,000	60,000	50,000	49,500	131,000	25,000	1,500	12,500	47,500	25,000	50,000
*American National Bank.....Pekin	50,000	101,000	60,000	51,000	50,000	25,000	.....	25,000	10,000	50,000	40,000
*Herget National Bank.....Pekin	30,000	30,000	30,000	30,000	30,000	30,000	47,000	30,000	30,000	50,000	30,000
First National Bank.....Tremont	35,000	20,000	.....	.....	10,000	2,000	.....	2,000	.....	.....	.....
*Tremont National Bank.....Tremont	3,500	3,500	3,500	3,500	3,500	5,000	.....	4,000	5,000	3,000	3,000
A. G. Danforth & Co.....Washington	.....	5,000	.....	3,000	.....	.....	3,000	.....	.....	10,000	10,000
*Henry Denhart & Co.....Washington	14,000	14,000	17,500	50,000	25,500	15,000	.....	65,000	68,000	12,500	52,000
Vermilion County— Director Sales, G. W. Telling, Danville. Assistant, J. L. Tincher, Danville.											
*State Bank of Allerton.....Allerton	10,000	10,000	10,000	10,000	10,000	10,000	.....	10,000	10,000	10,000	10,000
Collison Bros. & Co.....Alvin	2,000	2,000	2,000	2,000	2,000	.....	.....	.....	.....	6,000	.....
Farmers State Bank.....Armstrong	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Farmers & Merchants Bank..Bismarck	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank.....Catlin	4,000	6,000	7,000	15,000	.....	7,000	.....	.....	29,500	5,000	.....
Peoples Bank .....Collison	2,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
American Bank & Trust Co...Danville	15,000	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*Comm'l Tr. & Savings Bank..Danville	30,000	40,000	25,000	25,000	25,000	25,000	20,000	15,000	25,000	20,000	20,000
Danville National Bank.....Danville	.....	10,000	20,000	30,000	40,000	15,000	.....	.....	.....	50,000	.....
First National Bank.....Danville	10,000	20,000	30,000	30,000	30,000	40,000	3,000	50,000	30,000	50,000	50,000
*Palmer National Bank.....Danville	85,000	100,000	30,000	15,000	100,000	20,000	11,500	.....	6,500	.....	.....
Second National Bank.....Danville	51,500	.....	50,000	50,000	3,000	.....	3,000	.....	70,500	.....	.....
Bank of East Lynn.....East Lynn.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Exchange Bank .....Fairmont	3,000	2,000	.....	.....	.....	.....	.....	.....	.....	.....	15,000
Portersfield's Bank .....Fairmont	2,000	2,000	2,000	.....	2,000	2,000	.....	.....	1,000	8,000	.....
First Bank of Fithian.....Fithian	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank.....Georgetown	.....	.....	10,000	12,000	10,000	.....	.....	.....	.....	.....	.....
First State Bank.....Georgetown	2,000	2,000	2,000	.....	2,000	2,000	.....	.....	.....	.....	.....
Lane Bros., Bankers.....Henning	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
First National Bank.....Hoopeston	10,000	25,000	10,000	.....	.....	.....	35,000	.....	.....	.....	.....
*Hoopeston National Bank.....Hoopeston	20,000	25,000	20,000	60,000	20,000	21,500	58,500	.....	5,000	40,000	30,000
State Line City Bank.....Illiana	.....	.....	.....	.....	5,000	.....	.....	.....	.....	.....	.....
*Indianola Bank .....Indianola	10,000	10,000	2,000	20,000	10,000	.....	.....	.....	.....	.....	.....
*Bank of Jamaica.....Jamaica	3,000	5,000	4,000	.....	5,000	3,000	500	.....	.....	.....	.....
Bank of Oakwood.....Oakwood	2,500	3,000	3,000	2,500	.....	.....	.....	.....	3,000	.....	.....
Goodwine Bank .....Potomac	5,000	5,000	5,000	5,000	.....	.....	.....	.....	.....	.....	.....
*Potomac National Bank.....Potomac	5,000	.....	.....	30,000	.....	.....	.....	.....	.....	.....	.....
*Rankin, Witham & Co.....Rankin	5,500	5,000	10,500	10,000	.....	10,000	.....	5,000	.....	.....	10,000
*City National Bank.....Ridge Farm....	6,000	6,000	8,000	8,000	6,000	6,000	.....	3,000	.....	11,000	7,000
First National Bank.....Ridge Farm....	10,000	10,000	.....	.....	.....	.....	.....	.....	20,000	10,000	.....
*Farmers National Bank.....Rossville	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000
First National Bank.....Rossville	10,000	.....	.....	20,000	12,000	.....	.....	10,000	.....	.....	.....
First National Bank.....Sidell	10,000	10,000	10,000	10,000	10,000	.....	.....	.....	.....	.....	.....
First National Bank.....Westville	.....	.....	10,000	.....	.....	10,000	.....	5,000	10,000	.....	.....
*Westville State Bank.....Westville	2,000	2,000	3,000	2,000	.....	2,000	.....	2,000	3,000	3,000	2,000
Individual Subscriptions.....	.....	.....	500	.....	.....	.....	40,000	.....	4,000	.....	.....
Warren County— Director Sales, E. D. Brady, Monmouth. Assistant, E. C. Hardin, Monmouth.											
Bank of Alexis.....Alexis	5,000	.....	5,000	.....	5,000	.....	.....	.....	5,000	5,000	.....
First National Bank.....Alexis	.....	.....	5,000,	.....	10,000	.....	.....	30,000	10,000	10,000	10,000

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Warren County—Continued.	Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Farmers State Bank	Berwick	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
State Bank of Cameron	Cameron	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
*First National Bank	Kirkwood	15,000	15,000	15,000	15,000	15,000	.....	.....	.....	20,000	15,000	15,000
State Bank	Kirkwood	7,500	5,000	.....	.....	.....	.....	.....	.....	.....	.....	.....
First State Bank	Little York	5,000	5,000	10,000	5,000	10,000	10,000	.....	.....	.....	.....	.....
Monmouth Tr. & Sav'gs Bank	Monmouth	25,000	20,000	25,000	.....	30,000	25,000	.....	25,500	30,000	25,000	21,000
*National Bank of Monmouth	Monmouth	40,000	40,000	50,000	40,000	45,000	40,000	.....	.....	50,000	54,000	48,000
*Peoples National Bank	Monmouth	25,000	22,000	31,000	27,000	75,000	75,000	.....	50,000	20,000	.....	.....
*Second National Bank	Monmouth	34,000	53,000	50,000	50,000	53,000	50,000	2,000	50,000	.....	.....	50,000
First National Bank	Roseville	10,000	.....	.....	20,000	12,000	.....	.....	10,000	.....	.....	.....
State Bank of Roseville	Roseville	10,000	15,000	25,000	15,000	15,000	10,000	.....	10,000	.....	.....	.....
Smithshire Union Bank	Smithshire	.....	5,000	10,000	.....	.....	.....	.....	.....	.....	15,000	.....
Swan Creek Bank	Swan Creek	10,000	.....	.....	.....	.....	4,000	.....	7,500	.....	6,000	.....
Whiteside County— Director Sales, E. A. Smith, Morrison. Assistant, L. C. Thorne, Sterling.												
Albany State Bank	Albany	2,000	3,000	2,000	4,000	3,000	5,000	.....	1,000	2,000	5,000	6,000
First Trust & Savings Bank	Albany	5,000	5,000	5,000	5,000	16,000	7,000	.....	5,500	7,000	6,000	6,500
First National Bank	Erie	20,000	15,000	20,000	20,000	20,000	20,000	.....	15,000	20,000	20,000	20,000
Fulton Bank	Fulton	17,000	15,000	21,000	17,000	17,000	18,000	.....	15,000	15,000	15,000	15,000
Whiteside County State Bank	Fulton	.....	.....	.....	7,500	.....	.....	.....	.....	.....	.....	.....
First State Bank	Lyndon	.....	2,000	2,500	.....	.....	.....	.....	6,000	.....	.....	.....
First National Bank	Morrison	10,000	.....	.....	5,000	5,000	.....	.....	15,000	15,000	10,000	40,000
Morrison State Bank	Morrison	.....	15,000	5,000	5,000	5,000	5,000	.....	5,000	10,000	10,000	10,000
*Smith Trust & Sav'gs Bank	Morrison	30,000	25,000	35,000	25,000	25,000	30,000	.....	30,000	25,000	30,000	25,000
Bank of Prophetstown	Prophetstown	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens Bank	Prophetstown	5,000	5,000	6,000	10,000	6,000	5,000	.....	5,000	15,000	7,000	5,000
Farmers National Bank	Prophetstown	5,000	8,000	9,000	10,000	12,000	12,000	10,000	14,000	10,000	15,000	10,000
First National Bank	Rock Falls	10,000	10,000	15,000	12,000	15,000	12,000	1,500	10,000	10,000	10,000	10,000
First National Bank	Sterling	50,000	30,000	20,000	30,000	30,000	25,000	162,000	30,000	30,000	34,000	85,000
First Trust & Savings Bank	Sterling	20,000	10,000	5,000	10,000	10,000	5,000	.....	6,000	6,000	6,000	5,000
State Bank of Sterling	Sterling	.....	.....	.....	.....	.....	15,000	.....	.....	.....	25,000	20,000
*Sterling National Bank	Sterling	30,000	20,000	30,000	20,000	20,000	20,000	18,000	45,500	20,000	30,000	25,000
First National Bank	Tampico	*12,500	7,500	.....	5,000	5,000	5,000	.....	5,000	.....	.....	.....
Tampico State Bank	Tampico	10,000	10,000	10,000	15,000	.....	5,000	.....	5,000	10,000	.....	.....
Will County— Director Sales, F. W. Woodruff, Joliet.												
Farmers State Bank	Beecher	5,000	7,500	.....	2,500	.....	2,000	.....	.....	.....	.....	.....
First State Bank	Beecher	500	.....	.....	1,000	.....	.....	.....	.....	.....	1,000	.....
W. H. Odell & Co	Braidwood	.....	1,000	.....	1,000	2,000	1,000	2,000	.....	2,000	.....	2,000
Illinois State Bank	Crete	.....	.....	.....	.....	.....	25,000	.....	.....	.....	.....	.....
J. C. Beattie & Son	Elwood	500	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Citizens Bank	Frankfort	500	500	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Frankfort State Bank	Frankfort	.....	1,000	.....	2,000	2,000	5,000	.....	.....	3,000	5,000	10,000
*Comm'l Tr. & Savings Bank	Joliet	20,000	16,000	20,000	18,000	18,000	18,000	.....	17,000	20,000	17,000	17,000
*First National Bank	Joliet	201,500	150,000	225,000	201,000	200,000	200,000	4,000	170,000	170,000	150,000	170,000
*Joliet National Bank	Joliet	90,000	75,000	125,000	125,000	80,000	80,000	46,000	80,000	80,000	140,000	115,000
*Joliet Trust & Sav'gs Bank	Joliet	20,000	15,000	20,000	20,000	20,000	20,000	.....	15,000	15,000	20,000	20,000
*Will County National Bank	Joliet	50,000	50,000	50,000	105,000	105,000	50,000	.....	50,000	50,000	50,000	50,000
First National Bank	Lockport	.....	.....	.....	.....	.....	.....	.....	.....	.....	50,000	.....
First National Bank	Manhattan	8,000	.....	.....	8,000	8,000	8,000	.....	7,000	.....	8,000	10,000

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Town	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	Total Tax	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Will County—Continued.											
Manhattan Bank ..... Manhattan	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Mokena State Bank..... Mokena	.....	500	500	.....	2,000	1,000	.....	8,000	8,000	5,000	.....
*Eastern Will Co. State Bank. Monee	.....	10,000	.....	.....	20,000	10,000	.....	10,000	10,000	10,000	10,000
Monee State Bank..... Monee	.....	.....	.....	.....	.....	.....	.....	.....	.....	2,000	.....
Bank of Peotone..... Peotone	3,000	1,000	2,000	2,000	2,000	2,500	.....	9,000	2,500	2,500	3,000
Citizens Bank ..... Peotone	3,000	.....	5,000	10,000	10,000	.....	.....	.....	5,000	.....	.....
Peotone State Bank..... Peotone	2,000	1,000	500	5,000	500	.....	.....	.....	.....	5,000	5,500
Plainfield State Bank..... Plainfield	5,000	3,000	3,000	5,000	10,000	5,000	.....	24,000	.....	20,000	.....
Bank of Steger..... Steger	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Commercial National Bank... Wilmington	8,000	7,000	.....	10,000	10,000	10,000	.....	10,000	10,000	10,000	.....
*First National Bank..... Wilmington	15,000	10,000	.....	.....	20,000	10,000	.....	10,000	.....	50,000	.....
Individual ..... Wilmington	.....	.....	.....	1,000	.....	.....	.....	.....	.....	.....	.....
Winnebago County— Director Sales, H. S. Burpee, Rockford. Assistant, Chandler Starr, Rockford.											
Cherry Valley State Bank.... Cherry Valley..	4,500	4,500	4,500	4,000	4,500	4,500	.....	4,000	4,000	.....	5,000
*Citizens State Bank..... Durand	3,000	3,000	3,000	3,000	2,000	3,000	.....	2,000	5,000	8,500	3,500
*Durand State Bank..... Durand	10,000	7,000	7,000	10,000	9,000	9,000	1,500	7,500	11,000	7,500	8,000
Farmers & Merch. Sav. Bank. Pecatonica	2,000	2,000	6,000	4,000	6,000	5,000	.....	10,000	5,000	15,000	15,000
Pecatonica State Bank..... Pecatonica	5,000	5,000	5,000	.....	5,000	5,000	.....	5,000	5,000	5,000	5,000
*Forest City National Bank... Rockford	102,000	29,000	60,000	40,000	50,000	50,000	448,000	40,000	35,000	100,000	39,000
*Manufacturers National Bank. Rockford	50,000	50,000	60,000	50,000	50,000	50,000	70,000	40,000	50,000	50,000	50,000
*Peoples Bank & Trust Co.... Rockford	37,000	.....	50,000	37,000	37,000	37,000	34,000	32,000	32,000	32,000	32,000
*Rockford National Bank..... Rockford	75,000	75,000	153,000	75,000	100,000	275,000	225,000	75,000	200,000	150,000	150,000
*Rockford Trust Co..... Rockford	3,000	2,500	.....	2,500	3,000	3,000	.....	3,000	3,000	3,000	3,000
Swedish Am. Nat'l Bank..... Rockford	35,000	20,000	25,000	30,000	30,000	25,000	.....	20,000	15,000	25,000	35,000
Third National Bank..... Rockford	70,000	50,000	50,000	50,000	50,000	50,000	20,000	50,000	50,000	50,000	50,000
*Winnebago National Bank.... Rockford	43,000	105,000	6,500	50,000	55,000	50,000	85,500	50,000	47,000	.....	30,000
Winnebago State Bank..... Winnebago	.....	13,000	.....	13,000	.....	13,000	.....	.....	15,000	.....	.....
Woodford County— Director Sales, Chas. H. Ireland, Washburn. Assistant, F. B. Stitt, El Paso.											
Farmers Bank ..... Benson	.....	.....	.....	.....	.....	.....	10,000	.....	.....	.....	.....
First State Bank..... Benson	10,000	.....	.....	.....	.....	.....	10,000	.....	.....	.....	.....
*First National Bank..... El Paso.....	15,000	30,000	20,000	15,000	15,000	15,000	5,000	40,000	20,000	13,000	25,000
*Woodford Co. Nat'l Bank..... El Paso.....	5,000	10,000	10,000	25,000	30,000	10,000	.....	20,000	.....	10,000	5,000
*Farmers State Bank..... Eureka	15,000	15,000	15,000	†30,000	15,000	15,000	20,000	25,000	15,000	15,000	15,000
*First National Bank..... Eureka	5,000	4,000	4,000	10,000	10,000	10,000	.....	.....	.....	.....	5,000
Goodfield Bank ..... Goodfield	1,000	.....	1,000	.....	.....	.....	.....	.....	.....	.....	.....
Banta Bros. & Co..... Lowpoint	2,000	.....	.....	5,000	10,000	.....	.....	.....	.....	.....	.....
*Metamora Bank ..... Metamora	13,000	10,000	10,000	33,000	20,000	.....	.....	.....	10,500	6,000	.....
Minonk National Bank..... Minonk	1,000	.....	.....	.....	.....	.....	.....	.....	1,000	.....	25,000
Minonk State Bank..... Minonk	10,000	25,000	25,000	25,000	25,000	25,000	.....	10,000	10,000	15,000	.....
*Roanoke State Bank..... Roanoke	5,000	5,000	5,000	5,000	5,000	5,000	.....	5,000	37,000	.....	5,000
First National Bank..... Secor	5,000	5,000	5,000	5,000	5,000	5,000	.....	.....	.....	10,000	5,000
Peoples Bank ..... Washburn	5,000	5,000	10,000	.....	.....	.....	.....	.....	10,000	10,000	.....
Washburn Bank ..... Washburn	7,000	6,000	7,000	7,000	7,000	7,000	.....	.....	.....	.....	.....

SUBSCRIPTIONS TO CERTIFICATES OF INDEBTEDNESS RECEIVED BY THE FEDERAL RESERVE BANK OF CHICAGO FROM THE STATE OF ILLINOIS DURING THE INTENSIVE CAMPAIGN FOR THE SALE OF THESE SECURITIES—*Continued*

TOTAL SUBSCRIPTIONS FROM ILLINOIS—DECEMBER, 1918, TO JUNE, 1919.

Issue	1918 Dec. 5	1918 Dec. 19	1919 Jan. 2	1919 Jan. 16	1919 Jan. 30	1919 Feb. 13	1919 Feb. 27	1919 Mar. 13	1919 April 10	1919 May 1
Quota	$36,625,000	$30,522,000	$45,781,000	$36,625,000	$36,625,000	$36,625,000	$30,522,000	$30,522,000	$30,522,000	$30,522,000
Subscriptions	43,873,000	30,105,500	52,788,500	42,159,000	47,065,500	41,638,000	34,278,000	35,285,500	38,936,000	45,115,000
Percentage total subscriptions of State quota										119%
Number of Banks	1309	1309	1309	1309	1309	1309	1309	1309	1309	1309
Number of Subscribers	941	876	835	917	854	777	652	549	700	596

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